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ABSTRACT

This monograph includes eight articles that examine self-employment as a goal for vocational rehabilitation closure for rural disabled people. Articles cover the changing labor market and increasing opportunities for self-employment; an account of how home-based employment allowed a disabled worker to become self-sufficient; policies and practices of state vocational rehabilitation agencies toward self-employment; studies of self-employment closures in rural and urban areas; research on the attitudes of vocational rehabilitation counselors toward self-employment; a proposed economic partnership in which the community rehabilitation facility operates as a small business incubator; and examples of successful vocational rehabilitation programs geared toward self-employment. Following an introduction by Kay Schriner, articles are: (1) "Beyond Job Placement: The Self-Employment Boom" (Allan Forrester); (2) "Healing Art: Etching a New Life with State's Help" (John Stromnes); (3) "Self-Employment as a Vocational Rehabilitation Closure: An Examination of State Policies" (Nancy L. Arnold, Tom Seekins); (4) "Self-Employment as a Vocational Rehabilitation Employment Outcome in Rural and Urban Areas" (Nancy L. Arnold, Tom Seekins, Craig Ravesloot); (5) "Vocational Rehabilitation Counselors' Attitudes toward Self-Employment: Attitudes and Their Effects on the Use of Self-Employment as an Employment Option" (Craig Ravesloot, Tom Seekins); (6) "Economic Development and Rural Vocational Rehabilitation: Speculation About a Model for Community Rehabilitation Facilities" (Tom Seekins); (7) "Creative Options for Rural Employment: A Beginning" (Ann Temkin); and (8) "The Wisconsin Business Development Program: A Partnership Between the Division of Vocational Rehabilitation and the Department of Development" (Dale Verstegen, Nancy L. Arnold). The last section, "Resources: People and Agencies Working in the Area of Self-Employment for People with Disabilities," lists individuals who work in the area of self-employment and the types of local, regional, and state organizations that may assist people interested in starting their own business. (LP)

Self-Employment in Vocational Rehabilitation: Building on Lessons from Rural America

Nancy L. Arnold, Ph.D., Editor

Self-Employment in Vocational Rehabilitation: Building on Lessons from Rural America

Nancy L. Arnold, Ph.D., Editor

Research and Training Center
on Rural Rehabilitation Services,
Montana University Affiliated
Rural Institute on Disabilities,
The University of Montana
Missoula, Montana.

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Dedication

This monograph is dedicated to people with disabilities who are achieving independence through becoming self-employed, to those who want to follow in their path, and to the rehabilitation agencies and counselors who are assisting people with disabilities fulfill their goals of personal independence.

Foreword

The study of rural rehabilitation has two important benefits. First, it contributes directly to the improvement of rehabilitation services available in rural areas by developing innovations tailored specifically to the problems and resources in rural communities. Second, it offers lessons about disability and rehabilitation, in general. The study of self-employment is one example of these two benefits.

Our interest in self-employment emerged from our efforts to identify and develop innovations of particular utility in rural rehabilitation. Our work led us to ask questions about the relationship between rural vocational rehabilitation and rural economic development. It has also led to a set of much broader questions of importance in rehabilitation.

The first set of broader questions stems from the observation that, compared to the general population, proportionately more people with disabilities report being self-employed. Who are these people? How did they become self-employed? What do they do? How much money do they make? How long does self-employment last? Are they satisfied with their employment? How does being self-employed change the perception of disability? What role do business owners with disabilities play in the disability movement? What roles do they play in their communities?

The second set of questions involves the relationship between vocational rehabilitation and economic development. These questions point out, by contrast, that the VR model is based on serving individuals, and point toward the possibility of an alternative, community model.

The intent of this monograph is to raise questions and spark discussion on the opportunities that rural economic development, self-employment, and vocational rehabilitation offer each other. Perhaps, like a barn-raising, these articles can bring us together to build something useful.

Tom Seekins, Ph.D., Director,
Research and Training Center
on Rural Rehabilitation Services

Acknowledgments

There were many people who contributed to this monograph on self-employment. An observation by Bob Donaldson, past Director of the Montana Division of Vocational Rehabilitation and Visual Services, that self-employment appeared to be used as an employment outcome more frequently in rural areas sparked the interest of Tom Seekins, director of the Research and Training Center on Rural Rehabilitation Services (RTC:Rural). It was because of Dr. Seekins' interest in this predominately essential role that entrepreneurship and self-employment play in many rural individuals' pursuit of economic independence that the RTC:Rural's research was conducted and this monograph was published.

Others who are pioneering in the area of self-employment for people with disabilities contributed. Thanks to the vocational rehabilitation counselors who participated in RTC:Rural's initial interviews, and telephone and mail surveys. Thanks also to the research committee members of the Council of State Administrators of Vocational Rehabilitation for their assistance, and to the state agencies that forwarded self-employment policies and procedures and who granted permission for RTC:Rural to survey counselors in their states.

Articles co-authored by and describing the pioneering work of other programs also need to be acknowledged. RTC:Rural gratefully acknowledges the collaboration and contributions of Kay Schriner, Dale Verstegen, and Ann Temkin.

Within RTC:Rural Craig Ravesloot, Cheryl Vandenberg, and Peg Plimpton contributed to the research effort. Thanks go to Alexandra Enders, RTC:Rural's training director, for her input on public policy and self-employment, and to Nick Baker, RTC:Rural's staff writer, for editing and preparing the monograph for publication.

RTC:Rural would like to acknowledge the contributions of Joe Mathews, John Balsam, and Paul Larson. Joe Mathews, administrator of Montana's Rehabilitative/Visual Services Division was interested in and supportive of RTC:Rural's work in self-employment. It was through the efforts of Montana's state

vocational rehabilitation agency and its Missoula office in particular that much of the background information on the use of self-employment as a vocational rehabilitation employment outcome was developed. John Balsam, regional director of Montana Business Connections at The University of Montana spent many hours with the editor discussing the prevalence, importance, and role of self-employment in rural areas. Paul Larson, professor of management at The University of Montana, provided his expertise in the area of entrepreneurship and business development.

The RTC:Rural also acknowledges and thanks the *Missoulian*, the *Journal of Rehabilitation Administration,* the *Goodwill FORUM,* and the *Journal of Disability Policy Studies* for their permission to reprint articles, the National Institute on Disability and Rehabilitation Research (NIDRR) for supporting this important work for people with disabilities (grant number G0087C0228), and to RTC:Rural's NIDRR project officer, Delores Watkins, for her encouragement and support.

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Introduction

Kay Schriner, Ph.D.
Research and Training Center in Vocational Rehabilitation
University of Arkansas
Fayetteville, Arkansas

With this document, the Research and Training Center on Rural Rehabilitation Services prompts us to think anew about the possibilities of self-employment. Self-employment is a part of the American dream. People are drawn to the notion of working for themselves in a way they are not attracted to working for someone else. Americans think of self-employment as a way to control their own futures and to make work more fulfilling. Self-employment is individualistic, but also has a strong connection to the cultural make-up of the country. It stresses independence and self-sufficiency, but is also believed to promote economic vitality for the country as a whole. It is often thought to be a route to economic well-being, but may be accepted as simply a way to get by without yielding to someone else's control over one's work. In short, the psychological and social dimensions of self-employment speak to some ancient and unshakable part of the human psyche.

For the general U.S. population, self-employment is a more popular option now than it has been since the end of World War I (Aronson, 1991). And, consistent with this trend, the field of rehabilitation is taking a fresh look at self-employment and its fit in today's economy. Rehabilitation agencies are developing new approaches to promoting the development of small businesses and other self-employment opportunities for their consumers.

The University of Montana's Research and Training Center on Rural Rehabilitation Services is playing an important role in conducting research that helps us understand the policy and practice issues that need to be addressed. This monograph is the culmination of several years of research activity devoted to this topic, and will be welcomed by the many individuals and organizations with interests in self-employment.

In the lead article, Allan Forrester challenges us to re-examine our assumptions about jobs. "Jobs" is too narrow a concept for the earnings opportunities that exist in today's economy. Indeed, the "dejobbing of America"--to use Forrester's phrase--has resulted in countless opportunities for people with innovative ideas, marketable skills, and

perseverance to earn money providing needed products and services. This free-wheeling environment is challenging, and often difficult, but is also less structured than the post World War II economic environment. It offers tremendous opportunity for those who are ready to take advantage of it.

The state/federal vocational rehabilitation program historically has relied on placements into existing jobs to create employment opportunities for its consumers, and has had a relatively minor emphasis on self-employment. In fact, my cursory review of the textbooks typically used in rehabilitation counseling training turned up no mention of self-employment, in contrast to the exhaustive (and often excellent) discussion and description of placement techniques. This orientation has been a sensible one, given the long period of economic growth following World War II. During that period, large businesses dominated the landscape, and offered secure employment with advancement opportunities for millions of Americans.

Now, with large corporations shrinking in size and importance, the rise of the small business and service sectors, and the labor market changes that accompany these structural changes, we may want to reconsider the VR reliance on placement. There are fewer jobs in which to place people, and often, these jobs are less desirable than those entry-level positions that VR has typically found for its consumers. Forrester's call to "expand opportunities for consumers to explore self-employment" is a rallying cry for us all to consider ways to reshape VR services in response to economic change.

Forrester's comments indicate that there are many kinds of self-employment. Working for oneself may be temporary, home-based, contractual, or part-time. The story of Don Whitticar provides an example of one of these arrangements. Whitticar has found that home-based employment offers him a chance to earn income and to use his artistic talents. The Montana VR agency helped him identify his strengths and acquire the training and tools he would need to make a go of it as an wildlife engraver. This story demonstrates the potential for a state vocational rehabilitation agency to provide a comprehensive approach to assisting an individual with a disability to implement a rehabilitation program directed to self-employment.

Now, however, Whitticar faces the challenge of making the transition from dependence on Social Security Disability Insurance (SSDI) payments to economic self-sufficiency. The work penalties of SSDI, as his story indicates, are often a significant barrier to employment, and illustrate the contradictions of our disability policy. Under current policy, we spend far more of our limited resources on income maintenance programs than on vocational rehabilitation programs that could reduce unemployment, poverty, and dependence (Berkowitz, 1987). These are policy issues that we will have to face if we are ever to solve the unemployment problem for people with disabilities.

Don Whitticar's story also raises an interesting question about the criteria for judging self-employment opportunities. Given the history of segregation experienced by people with disabilities, and the rapid shift toward a preference for integrated employment, we may be tempted to argue that public funds should not be used to support home-based job

development (Arnold, personal communication, August 28, 1995). Mr. Whitticar's story helps illustrate the tension we face in balancing the need to help individuals achieve *their* goals (which may not conform to professional ideals) with the need to promote the values of integration and inclusion in public programs.

The next papers report the results of several studies examining the policies and practices of state vocational rehabilitation agencies. The first of these, by Nancy Arnold and Tom Seekins, reviews state agency policies toward self-employment and verifies what we have suspected about the orientation and practices of many agencies. Practices vary widely, self-employment is generally viewed as a risky alternative, and many counselors have not been provided the training necessary to guide consumers into self-employment. Their paper indicates that the organizational culture of VR agencies supports the making of employees, not businesspeople.

The best part of this article may be the appendix, which offers a model policy for state rehabilitation agencies. The model policy emphasizes assessment, training, technical assistance, review, and follow-up--a comprehensive approach to promoting self-employment through the VR service delivery system. State agencies may use this appendix to review and revitalize their own approaches to supporting the self-employment outcomes desired by consumers.

In the next paper, Arnold and Seekins join their colleague, Craig Ravesloot, in reporting three studies of self-employment closures in rural and urban areas. In the first, they find that the use of self-employment is more prevalent in rural states. In the second, they report that rural counselors on average make significantly more self-employment closures than do urban counselors, and view self-employment more positively than do urban counselors on several qualitative dimensions. Their third study indicates that consumers have established a variety of businesses using VR services, ranging from bird and worm farming to appliance repair, and beyond. This research report underscores the point that, in many ways, self-employment is a metaphor for rural rehabilitation. However, their research should not be dismissed as having implications *only* for rehabilitation practice in rural areas; we should all re-examine our assumptions about self-employment and resolve to make self-employment opportunities available for those consumers who want them, no matter where they live.

Ravesloot and Seekins then present their research on the attitudes of vocational rehabilitation counselors toward self-employment. They find that VR counselors' attitudes are influenced by environmental factors that include their past experience with self-employment, the atmosphere of the VR office, and their state's policy toward self-employment. These findings raise important questions about how the kind of training and experience VR counselors should have regarding self-employment and the supports provided for self-employment strategies throughout the vocational rehabilitation agency.

In the next article, Tom Seekins speculates on the possibility that community rehabilitation facilities could operate as small business incubators--a strategy that would integrate the facility's services with economic development efforts of "mainstream" economic and

community development programs. This proposed partnership of rehabilitation and economic development is a timely and provocative idea. It responds to the problems of declining resources for public investment and increased pressure for programs to be effective. It is important, however, to remember history when evaluating such ideas. Community rehabilitation facilities are slow to change, and many have not adopted new service modalities such as supported employment (and, typically, those that have, have simply added it to existing services). Any efforts to transform facilities will encounter strong resistance.

The final two papers in the monograph, by Ann Temkin, and Dale Verstegen and Nancy Arnold, are testimony to the power of good ideas executed by committed people. Ann Temkin's work with CORE is an example of a program directed to the expressed needs of consumers, in this case people living in rural areas for whom internships are not an option. Small stipends are awarded to individuals with good business ideas, who are then helped to develop their businesses. This effort is, as Ms. Temkin indicates, in its infancy, and I hope the CORE program is documented and evaluated as it develops.

Dale Verstegen and Nancy Arnold describe a Wisconsin program in which VR funds are combined with funds from commercial banks and economic development agencies to provide loans to individuals with disabilities who want to establish businesses. In this innovative approach, VR has developed a partnership with the state Department of Development to help individuals develop the capabilities and capital necessary for business success. The Wisconsin program is a creative approach to leveraging VR funds to create jobs and businesses as an addition to the more traditional placement strategy. Both the Wisconsin program and CORE are examples of programs that warrant watching over the next several years.

This monograph concludes with a list of resources. The resources include people who conduct programs or are otherwise working in the area of self-employment for people with disabilities. It also includes the names of local, regional, and state organizations that may be able to provide assistance and information for people interested in starting their own business.

This monograph is a valuable resource for the field as we re-examine our attitudes and practices in self-employment. It answers many questions about the economic changes that are drawing us into a new age, and the current orientation of vocational rehabilitation agencies and counselors toward self-employment. It offers us glimpses of how self-employment can work for individuals with disabilities, and how innovative programs can promote the effective use of public resources to establish small business opportunities.

This is a time of tremendous opportunity. We can experiment much more with self-employment. We can apply research and development resources to promoting self-employment opportunities that make it possible for individuals to become economically self-sufficient, and that also help make communities more accessible and accommodative. We can try the incubator approach described in this monograph. We can continue to develop and expand interagency collaborations of the kind Dale Verstegen is

involved in. We can evaluate the efforts of programs like CORE. And, we can try other approaches not mentioned in this monograph, such as the microenterprise strategy that has shown so much promise for creating jobs, alleviating poverty, and creating social change in communities across the country (Clark & Huston, 1993).

In the microenterprise model, the dual goals of promoting individual economic self-sufficiency and social change are targeted through the provision of small amounts of credit, business training, and group support to individuals who have little or no access to credit and few of the skills necessary for business success. These programs often rely on small borrowing groups to manage loan funds for their members, thereby encouraging individuals and groups to take responsibility for credit-granting decisions and to assist each other in using credit wisely. Early evaluations of microenterprise programs indicate that they may be successful in creating groups of entrepreneurs who have increased status, resources, and access to credit. The microenterprise model may be an additional strategy for assisting individuals with disabilities to become successfully self-employed.

The optimistic, experimental, and outcome-driven tradition of rehabilitation philosophy and practice can be directed to improving the opportunities for people with disabilities to be entrepreneurs and business owners. The people brought together as authors in this monograph are pioneers in this effort. Many others will follow because of their leadership. I thank them for that.

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Beyond Job Placement: The Self-Employment Boom

Allan Forrester
The Forrester Group

Introduction by Deon Locklin
Georgia State University
Atlanta, Georgia

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The traditional outcome in vocational rehabilitation is a job placement. But as a result of labor market changes, corporate restructuring, and an increase in technological advances, jobs do not look quite the same as they used to. Indeed, the very concept of employment in America is rapidly changing.

As a result of these changes, there is a need to examine traditional job placements within rehabilitation. Within this context, I asked Alan Forrester to assist in exploring an employment option of increasing interest--that of self-employment.

Alan Forrester is president of the Forrester Group, a consulting firm that specializes in multinational marketing and financial management. One of his companies was ranked by INC. magazine as the 42nd fastest growing privately held company in the U.S. He has assisted many individuals in starting and building their own business.

Driving Forces Within the Labor Market

Loss of Jobs

Nine million jobs have been lost in the Fortune 1,000 companies alone. In the summer of 1993, the Bureau of Labor Statistics noted that the ratio of terminated workers to temporarily laid off workers was 4:1, as compared to the 1982 ratio of 2:1.

A *U.S. News and World Report* cover story, "Where Did My Career Go?", noted that the current annual rate of job recovery is only 20% of the average rate of recovery in recessions since 1950. James Medoff, a Harvard economist, stated "Today, people who lose their jobs are history." Eighty-five percent of those who lost white collar jobs will never get them back--an all time high for any recession.

This permanent job loss is the result of a restructuring of work in America. Two leading causes of this trend are technology and the use of temporary workers.

Role of Technology

More and more corporations are re-engineering their operations and eliminating jobs through the use of technology. For example, Mazda modified its accounts payable system to the point that the company could accomplish with five employees what Ford was using 400 employees to accomplish. In turn, Ford's full scale job re-engineering reduced its account payable staff by 75%. According to the *Wall Street Journal*, job re-engineering throughout America's private sector could eliminate 25 million jobs.

The increased emphasis on technology is quickly making nontechnology based jobs obsolete. Peter Drucker estimated that new workers, who handle data instead of things, "already number at least one third and more likely two thirds of all employees." This increase in technology and information-based jobs is reducing the need for people to work at corporate offices. Recent estimates indicate there are at least 6.5 million workers telecommuting part-time. An additional 8.5 million work at home after hours.

The Temporary Work Force

What are all the people doing as a result of the de-jobbing of America? A large number of them are entering the temporary work force. Lance Morrow wrote a 1993 article for *Time* called "The Tempting of America." In the article, he indicated that America has entered the age of the contingent or temporary worker. He also said that the workers of the future will have to continually sell their skills and invent new relationships with their employers. The number of temporary workers has increased almost 60% since 1980.

This shift is evidenced in the largest corporations in America. Manpower, a temporary employment agency, has 560,000 employees and is the largest U.S. employer. In comparison, GM and IBM employ 365,000 and 330,000, respectively.

The Resulting Need for Financial and Job Security

William Bridges, author of *Job Shift* stated "All jobs in today's economy are temporary. The job as a social artifact is on the wane...Work arrangements that are taking its place...are themselves temporary in the sense that they are created to meet productivity needs in an immediate but changing situation." An increasing number of corporations are designing their work environment to be project focused rather than job focused. When the project ends, the job ends.

So what must a person do in today's environment to achieve any level of security? We can no longer depend on corporate America to provide it. The concept of job security has changed. Financial security is something individuals must now build for themselves.

The "good" job, which was once the definition of responsibility and security, is now very risky business. Conversely, freelance activity, once risky, is now in tune with the future and is becoming the employment choice of many people.

The Self-Employment Boom

One option for individuals in our de-jobbed environment is the self-employment arena and the home-based business. LINK Resources' annual Work at Home survey reports that the current self-employment rate is 13%, which is double that of 1977. There are 11.8 million part-time home-based self-employed people, and 12.1 million full-time. The *Work at Home Sourcebook* states that there are 40 million Americans who currently work at home, including 16 million home-based corporate workers. This represents a growth rate of 20% per year. Some government studies have indicated that as much as 75% of the work done in this country could eventually be home-based. Donald Hicks, a political economist at the University of Texas, conducted a study of employment in Dallas and found that 61% of jobs were created by new businesses and 25% by expanding small businesses. Many of these new businesses and expanding small businesses were started by a self-employed person.

There are hundreds of companies willing to purchase products and services from home-based businesses in the following fields:

- Arts
- Crafts
- Computer based work
- Office support
- Industrial work
- Sales

In addition to the above, there are hundreds of home business opportunities in the following areas:

- Automotive services
- Business services
- Computer-related services
- Residential and commercial cleaning and maintenance
- Personal services
- Photographic services
- Publishing
- Real estate and financial services
- Travel services

Implications for Vocational Rehabilitation

Are our current education and training systems mirroring the nation's self-employment boom? Or, are we preparing workers for the old corporate model? As we experience these changes in the labor market, what can be done to assist vocational rehabilitation consumers in realizing self-employment related outcomes?

Self-employment as a rehabilitation outcome is not a new concept. But an understandable skepticism toward the approach may exist, given the challenges faced by those rehabilitation organizations that have embraced the concept in the past. Previous approaches have been perceived as costly, have focused on small business opportunities as opposed to home-based self-employment, and have yielded only minimal successful outcomes for persons with disabilities. Nevertheless, new and different opportunities have emerged in the labor market. Perhaps it is time to reexamine the concept and rethink traditional approaches.

A Systems View

So where does an organization begin? The first step is to systematically build the capacity to provide self-employment and home-based business outcomes. Capacity building begins with an evaluation of the organization's current policies and processes, in order to determine the system-wide changes necessary to support the initiative. There are a number of determinations to be made at the organizational level, prior to taking action. Here are a few examples:

- Is self-employment defined and measured as a quality rehabilitation outcome within the existing system? Does current policy support practice? What policy development may be necessary?

- What are the costs associated with providing self-employment outcomes versus traditional job placement? What resource planning is necessary? What community and interagency relationships need to be established to support your efforts?
- In what ways do current service delivery practices support or limit the pursuit of self-employment outcomes? What are effective approaches for assessing skills and interests related to self-employment? For matching individuals' interests to existing opportunities? What counseling and training approaches need to be developed?
- What are the self-employment opportunities at the local level? What are the local labor and laws? (For example, the Fair Labor Standards Act prohibits home workers from making women's apparel. In Chicago, it is illegal to use electrical equipment in a home occupation. This means no calculators, no typewriters, and no computers).

It is clear that building the capacity to provide self-employment outcomes, as with any new initiative, requires considerable up-front analysis and planning. Organizations cannot afford to introduce any new paradigm into an existing system without first assessing the system-wide changes necessary to support the new concept. But can you afford to not continually assess processes and practices to respond to what is taking place in the larger environment?

Today's job market is vastly different from ten years ago. Corporate America can no longer be relied upon to provide secure jobs to individuals entering or returning to the work force. To increase the effectiveness of vocational rehabilitation services, perhaps it is time to expand opportunities for consumers to explore self-employment. This option could serve as a path to independence for a number of persons with disabilities within vocational rehabilitation. Will your organization be the one to initiate the approach?

Healing Art: Etching a New Life with State's Help

John Stromnes

Reprinted by permission from the ***Missoulian,*** *Tuesday, May, 9, 1995.*

Stevensville, MT - In the studio at his home at the end of an obscure little lane south of Stevensville, Don Whitticar patiently and persistently, almost too persistently, taps away with an engraving hammer and a burrin--a delicate metal chisel--indenting intricate lines into a slab of copper.

The scene taking form in the soft metal is tranquility itself--ducks lifting in flight from a marsh of reeds and cattails with the lofty Mission Mountains presiding in the background.

But the scene inside the artist is not as tranquil. Often Whitticar is wound tight with stress. His intense blue eyes are vigilant. When he greets an acquaintance, he seems to be making an intense effort to remain focused and in control.

As indeed he often is.

Whitticar has a little-understood and rarely diagnosed illness--obsessive compulsive disorder. In some people, OCD, as it is called by therapists, manifests itself as continual hand washing. Others obsessively put all sharp objects out of sight. Some hoard things--newspapers, coins, string. Some continually tug at their clothes, or button and unbutton garments. People who have OCD know their behavior is abnormal and bizarre. They receive no pleasure from it. But despite their conscious desire to stop, they are unable to do so.

With Whitticar, the symptoms are counting and ordering, counting and ordering, counting, arranging and ordering.

"The mind just picks out something at random. Sometimes I can be sitting looking out the window, and I might start dividing it into triangles, and counting the triangles. I could count the number of screws in hinges. I could count the holes in ceiling tiles. I am conscious of it (the counting and ordering

behavior). But the best thing I can do is go ahead and let my mind run with it. If I try to cut it off, it creates an anxiety," he said.

Episodes can last for several moments to 30 minutes or more. In extreme cases of the disorder, most of the person's waking hours are consumed with the repetitive activity. In severe cases, hospitalization is necessary.

Whitticar, 50, has never needed hospitalization. But the disability has put an intense strain on family life, on social intercourse, and on his feelings of self-worth and self-esteem.

"Because his disability is hidden--he's not sitting in a wheelchair, or walking with crutches, or bedridden due to paralysis--it has been very difficult," said his wife, Sandra. "People find it difficult to understand his disability. They say, 'Hey, there's nothing wrong with your husband.'"

But there is something wrong.

Whitticar was diagnosed with OCD in 1987. He himself brought the possibility of the condition to the attention of doctors, after he saw a television program about OCD. He hasn't worked for a wage or salary since 1989, when he quit his job at the University of Montana because of chronic recurrences of the malady. Since then he has received Social Security disability payments. Sandra works full time as an insurance agent in Stevensville and Missoula to support the family of five children.

The origin of OCD is unknown. Whitticar believes it may have a genetic component. Scientists are fairly sure the cause is physiological, speculating that symptoms are brought on by a chemical imbalance in the brain. In fact, in Whitticar's case and that of many other OCD patients, symptoms are relieved by medication, as well as behavior therapy.

"He's very severely disabled," said rehabilitation counselor Jeanne Anderson Devereaux, the state Rehabilitation Services Division professional who has worked with Whitticar.

But that is changing. Whitticar's Missoula psychiatrist is using both medication and therapy, and Whitticar said he has noted improvement. He is also on the way to getting off Social Security disability--his goal for the last several years--as he gains prominence as a wildlife artist.

In an unusual collaboration of resources and talent, the state of Montana has become essentially a silent partner in Whitticar's attempt to become self-supporting.

The state Rehabilitation Services has spent several thousand dollars during the past four years to purchase special engraving tools to equip Whitticar's studio, to buy a printmaking press and other equipment needed for the engraving and printmaking process. The state agency also sent him to engravers school. All told, the state has about $5,000 invested.

Whitticar and Devereaux said that the rehabilitation program mapped out for him was a collaborative one. When they first started working together, shortly after Whitticar began receiving Social Security disability funds, they inventoried his skills, talents and disabilities.

"When Don first came to me he was concerned and confused about what he could do," Devereaux said. "He has many talents, and he wanted to get into the work force. He decided that engraving is something he wanted to do, and that led to bigger and better things. As an engraver and printmaker, now he can work at his own speed in his own studio and develop his creativity."

Whitticar spent the first two years after his schooling developing his style and technique, and produced and sold a few prints. From that modest beginning, he has branched out to commissioned work. His prints are becoming recognized as unique contributions to wildlife art.

One mentor is Robert Koenke of Minneapolis, publisher and editor of Wildlife Art News Magazine. With 55,000 subscribers in 63 countries, the magazine is perhaps America's premier publication devoted to wildlife art.

After seeing Whitticar's work, he volunteered to take examples of engraved, hand-colored prints made by Whitticar to major wildlife art shows across the country. A deal is in the making in which Whitticar's prints may be used by a major wildlife calendar publishing firm. And he has limited numbers of his custom, hand-colored prints available by special order from his studio in Stevensville. He is also negotiating with art publishers, who may market his work nationally.

Engraving, notes Koenke, is almost a lost art, because it is so laborious. Each of Whitticar's prints is unique, because of the hand-coloring process. And an edition of prints is limited to about 100 copies, because the soft copper plate essentially wears out after about that many printing impressions. His prints sell for $600 to $800 when they are available.

Engraving seems to mesh very well with Whitticar's obsessive-compulsive disorder.

He can work alone, at his own speed, and avoid many of the workday stresses that seem to bring on the chronic symptoms of counting and ordering things. It is an outlet for his creativity and active mind. And the disorder seems to complement, not hamper, the engraving task.

"Engraving meshes so well with the disorder itself, and it provided a really good stepping stone for me to move into other areas," Whitticar said.

Whitticar lays much of the responsibility for his artistic success right at the doorstep of the state agency that subsidized his training and equipment.

"It shows what can be accomplished through some of the social services that are catching so much flak right now," he said.

Self-Employment as a Vocational Rehabilitation Closure: An Examination of State Policies

Nancy L. Arnold, Ph.D.
Tom Seekins, Ph.D.
Research and Training Center on Rural Rehabilitation Services
Rural Institute on Disabilities
The University of Montana
Missoula, Montana

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Self-employment may be a viable vocational rehabilitation (VR) option, particularly in rural areas (Seekins, 1992). Overall, the U. S. Bureau of the Census (1983) reports that people who report a work disability are nearly twice as likely to be self-employed (14.7%) as people without a disability (8%). Arnold, Seekins, and Ravesloot (1995) report that, within the public vocational rehabilitation service system, self-employment is used more often as a case closure by VR counselors in rural states than in urban ones. Overall, however, self-employment is used as a vocational rehabilitation closure infrequently. In 1988, for example, only 2.6% of all closures were to self-employment (Rehabilitation Services Administration [RSA], 1988).

Ravesloot and Seekins (in press) found that the use of self-employment as a case closure was significantly influenced by counselor attitudes. In turn, their attitudes were shaped by office atmosphere and state policy regarding self-employment.

Among the attitudes held by counselors that may affect their use of self-employment is that high rates of business failure make self-employment too risky (Ravesloot & Seekins, in press). Yet, business researchers (Aley, 1993; Duncan, 1994; Mangelsdorf, 1993) estimate that, in reality, such businesses fail at a rate of 18-20% over the first 8 years. These new estimates correct for voluntary closures due to retirement, changes in ownership, incorporation, or sales which were previously counted as business failures.

The policies of state offices of vocational rehabilitation that may influence counselor attitudes are governed by the 1973 Rehabilitation Act and its amendments (Rehabilitation Act Amendments of 1992). To comply with the act, a state must address a prescribed list of elements, although each state has discretion in the way it operates to achieve compliance. This discretion often results in policies governing identical issues that differ from state to state.

The general goal of the public VR system is to provide services leading to employment for people who have a physical or mental disability that constitutes or results in a substantial handicap to employment (Office of Special Education & Rehabilitation Services [OSERS], 1993). Services are provided if there is a reasonable expectation that they will assist an individual with becoming employed in the "competitive labor market; the practice of a profession; ***self-employment;*** homemaking; farm or family work...sheltered employment; home-based employment; supported employment; or other gainful work" (OSERS, 1993, emphasis added).

While federal law expresses no preference for any type of employment situation over another, the majority of closures (81.5% in 1988) are to situations where the consumer works for someone else (RSA, 1988). Self-employment (where a person owns, operates, and manages a business; no supervisor oversees the person; and payments to Social Security are made directly by the person) is not used as a VR closure as often as might be expected, based on the overall rate of self-employment reported by those with a work disability.

This study, one of a series of studies examining self-employment as a vocational option for people with disabilities, was designed to assess the status of state VR policies governing the use of self-employment as a VR option. This policy analysis appears to be the first effort to compile and compare self-employment policies across states.

Method

During 1990, departments of vocational rehabilitation in all 50 states and the District of Columbia were contacted by letter and requested to submit any policies or procedures on self-employment. A follow-up telephone request was made to nonrespondents. Forty-four states and the District of Columbia either submitted policies or procedures on self-employment or responded that they had no specific written policies.

Self-employment policies underwent four content reviews. The method used for analyzing the policies, which allowed results to emerge from the data and not from preconceived ideas, is discussed in Bailey (1987, p. 303). In this type of analysis, categories for document study are not derived from theory but are constructed by examining the "documents...and ascertaining what common

elements they contain." Categories then "emerge from the documents to be analyzed" resulting in achieving categories that are mutually exclusive and exhaustive.

Procedurally, this analysis included six separate steps, some of which were repeated during the analysis. In the first step the researcher became familiar with the contents of the documents by reading each policy one or more times. During this review, themes and concepts which were common across state policies were noted (e.g., issues to be addressed, required documentation, responsibility for developing the plan, the review and approval process).

Following this initial review, the researcher discussed these themes and concepts with experts in the field. The purpose of these discussions was to substantiate the impressions and observations noted during the first review.

Third, the researcher used the substantiated list of themes and concepts to catalog each state policy. This involved writing out the exact content of each state's policy relevant to each of the themes or dimensions.

Fourth, various patterns, including similarities and differences between each policy and qualitative dimensions, such as thoroughness and restrictiveness, were also noted and discussed with experts. During this step, a number of possible organizing patterns for analyzing the data emerged (e.g., responsibility for accomplishing tasks, components of a comprehensive self-employment policy, types and amounts of expenditures funded by each state, autonomy of the counselor or consumer in the process). The first organizing pattern selected for analyzing the policies included the person(s) or group(s) responsible for accomplishing tasks during the self-employment process.

During the fifth step, states were classified according to the person, persons, or groups responsible for certain tasks in the self-employment process. This resulted in 16 different policy models.

The utility of these models for organizing states' policies was evaluated during the sixth step. Using the criteria of parsimony, this 16-model framework was judged as too complex to be useful and the researcher returned to step 4 to select another organizing pattern for analyzing the policies. The pattern selected was to analyze the policies according to the components of a self-employment policy (Table 1). However, prior to initiating this review, literature on entrepreneurship was reviewed and experts in the field of business were consulted to determine that the consistency of the components identified in this pattern were those considered as important and necessary. All components but the ones specific to VR agency review and VR agency follow-up were verified by both literature (e.g., Jenkins & PSI Research, 1992; Larson, 1990) and experts. Agency review and follow-up were judged as necessary to help ensure the business's success and to protect the state's investment. States were contacted for clarification of ambiguous statements.

Results

Forty-five VR departments submitted policies. When the 45 responses were analyzed in 1991 and 1992, 11 (25%) of the responding VR departments had no specific written policies, procedures, or guidelines for self-employment.

The policies and procedures of the 34 remaining states that participated in this study differed in a number of ways. For example, some policies contained explicit instructions for accomplishing tasks. Some required that forms or questionnaires be completed. Others contained very general directions or ideas, and some combined explicitness and generality.

Ten states required that the counselor eliminate all other viable rehabilitation options or salaried employment before considering self-employment. Six states required that self-employment be reserved for people with severe disabilities; two of these states were not using an order of selection at the time. While three state policies contained positive statements about self-employment (e.g., it allows the consumer to be productive, the counselor to be creative, or it fosters independence), almost one-quarter of the states included more negative statements. For example, 11 state policies included statements that pointed out potential hazards of self-employment, such as possible failure of a self-employment venture, the hard work and long hours involved, that little income might be earned, or the need to exercise caution in considering a self-employment plan.

The policies and the responsibility for accomplishing similar tasks leading to a self-employment closure varied from state-to-state. None of the states appeared to have the counselor, consumer, or others involved in the process responsible for the same tasks or have them assume the same amount of responsibility. For example, in some states the counselor assumed full responsibility for the self-employment process. In other states, the counselor worked with a self-employment specialist; made the consumer and counselor responsible for the self-employment process; included the consumer or counselor and an outside business consultant in the process; or split the responsibilities between the consumer, counselor and a business enterprise program.

Table 1 presents eight components of a self-employment policy that emerged from the reviews of state policies. The Appendix discusses these components and proposes a framework for a comprehensive policy governing self-employment as a VR option. Table 1 also indicates which state policies currently address these components. Only one state, Michigan, included all eight components in its policy.

Discussion

This study presents a review of VR state policies governing the use of self-employment as a vocational rehabilitation closure. The wide variety of policies observed revealed the autonomy states have in governing their practices.

Table 1
Components of a Self-Employment Policy

	Alabama	Alaska	Arizona	Arkansas	California	Delaware	Florida	Georgia	Idaho	Illinois	Indiana	Iowa	Kentucky	Maryland	Massachusetts	Michigan	Montana	Nebraska	Nevada	New Hampshire	New Mexico	New York	North Carolina	North Dakota	Oklahoma	Oregon	Rhode Island	South Carolina	South Dakota	Texas	Vermont	Virginia	Washington	West Virginia	Total
Assess consumer's business potential.		X	X	X	X		X	X	X	X		X	X		X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	29
Develop a business idea (may include exploring its feasibility or conducting market analysis).	X				X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X			X		X	X	X	X	X	X	X	27
Consumer obtains education or training.			X					X					X		X	X	X	X	X		X	X				X		X			X			X	14
Obtain Technical Assistance.	X		X	X	X				X		X	X		X	X	X	X	X		X	X	X	X	X		X	X		X		X		X	X	23
Develop a business plan.	X	X		X	X				X		X	X	X		X	X	X	X	X		X	X	X			X			X	X	X	X	X		22
Explore & apply for resources available from other sources.			X			X		X	X	X	X	X	X		X	X	X	X	X	X							X		X	X		X		X	19
Agency reviews plan.		X	X	X	X					X	X					X			X				X		X	X		X		X	X	X		X	16
Follow-up.			X	X	X					X	X		X		X	X						X		X		X		X			X	X		X	15
Total components in each State's policy	3	3	6	5	6	2	2	4	5	5	6	5	6	1	7	8	6	6	6	4	5	6	5	2	2	7	3	5	5	5	7	6	4	7	

Although a state may be listed as addressing a component, it may be listed simply because its policy/procedure mentions this component. The state may not address the component in a manner suggested by the Framework for Policy & Procedures governing the use of Self-Employment Closures found in the appendix.

Analysis of these polices suggested eight components of a comprehensive policy for using self-employment as a VR closure that are consistent with procedures recommended by business development experts (see Appendix). Half of responding states and two-thirds of those reporting a policy on self-employment included five or more of these components but only one included all eight.

While three policies contain positive statements about self-employment, 11 of the submitted policies contained negative statements. These included warnings about high rates of business failures (three states quoted failure rates) and potential harm to consumers of a business failure. The policies that warn about the hazards of self-employment may do so in an attempt to protect both the consumer and the state. For example, a warning may serve to make both the counselor and consumer aware of potential risks and to deter them from entering into this type of vocational rehabilitation plan lightly. Unfortunately, these warnings may serve to dissuade the use of self-employment even in those cases where it may be appropriate.

Policies that contain warnings about the high rate of business failures contain statistics based on the "conventional wisdom" of the past. These statistics held that half of all new ventures failed within the first year, that two-thirds of them were out of business by the second year, or that four-fifths had failed by the fifth year. New estimates for failures are much lower. These statistics indicate that small businesses fail at a rate of only 18 to 20% over the first 8 years (Aley, 1993; Duncan, 1994; Mangelsdorf, 1993).

When these data are compared with the success rate of VR closures to competitive employment reported by the General Accounting Office (GAO), self-employment may be viewed with less concern.

> "Within the group RSA classified as rehabilitated (60 days from the end of services), after two years the proportion with any earnings from wages returned to near or below pre-program levels." (GAO, 1993, p. 64)

Therefore, it appears that when looking at all competitive closures (including self-employment), a number of people are likely to experience some sort of harmful effect as a result of not staying employed and that the harmful effects of employment failure are not limited to self-employment situations.

Two states' policies stated that self-employment placement costs were high. Indeed, the Rehabilitation Services Administration (1988) reported that the average cost of a self-employment placement was $3,122, a placement where the consumer worked for someone else averaged $1,939, a sheltered workshop placement averaged $2,707, a homemaker placement averaged $1,868, and an

unpaid family worker placement averaged $2,503. Although the average cost of a self-employment placement is higher than for other placements (ranging from $415 to $1,254), the cost/benefits over time are unclear because it is not known how long such placements last compared to others, the comparative return on investment, the levels of income produced by each placement type, or consumers' comparative satisfaction.

Nine state policies appear to require that a counselor be proficient in areas for which he or she may have little or no training or expertise. A counselor may be required by state policy to analyze a business plan, to develop the plan him- or herself or in conjunction with the consumer, or to recommend funding of the business venture. A counselor educated and working in human services may not know how or have the aptitude to develop or interpret a business plan, market analysis, income and expense reports, profit and loss statements, or a business's books. State VR departments could help counselors become more familiar with the basics of self-employment by providing training. Possible sources of training include: state small business development centers (funded by the Small Business Administration), regional rehabilitation continuing education programs (RRCEP), state departments of commerce, and colleges and universities. The purpose of this training is not to remove counselors from their role of counseling consumers, but to give them a basic understanding of what a good business plan looks like.

Although self-employment is not an often used vocational rehabilitation option, it may be an important one for people with disabilities; especially those living in rural areas. Self-employment may afford some individuals greater control over their work setting, work schedule and pace, greater expression of talent, and long-term career growth. For those in rural areas, self-employment may offer an option where employers and jobs are scarce, wages are low, and the jobs that are available often require physical effort. Clearly, already it is used more often in these latter situations.

The design of this study did not permit an analysis of the implementation of state policies to determine the extent to which the written policies are actually followed. As such, it is not possible to assess directly the effect of these policies on counselor behavior and placement success. The variety of existing policies may also present an obstacle to such an evaluation by making it difficult to specify the independent variable(s). Future research on the effectiveness of various policies and practices for managing the use of self-employment should consider developing definitions of practice such as that outlined in the Appendix.

Future research might also attempt to evaluate the cost/benefit of self-employment. From the cost side, research should address both counselor time and state investment in such placements. From the benefits side, such research might evaluate how long self-employment lasts, what income is produced, consumer satisfaction with these arrangements, and other consequences (e.g., career development, potential social isolation of home-based businesses, etc.).

It is also interesting to note that people with a work disability report being self-employed at twice the rate of the general population (U. S. Census Bureau, 1983). This rate cannot be accounted for by VR services. Future research might attempt to determine who these people are, what they do, how successful they are, and how they became self-employed.

Finally, examination of self-employment as an issue of importance to VR also raises the question of VR's role in fostering community economic development. Clearly, when a consumer is placed in a competitive job, VR is relying on the economic base within the community. When a counselor supports a consumer's effort to develop a new business in a community, VR contributes to the economic development of the community. Future research might examine the possible linkages between VR services and local economic development efforts. This may be particularly relevant in rural areas where small businesses often are the core of the economic base.

This research was an important step in exploring state VR self-employment policies. It uncovered numerous differences in the regulations governing self-employment as well as policy statements that appear to negatively influence counselors on its use. The policy analysis resulted in eight components recommended for a thorough policy on the use of self-employment. Six of these components are also recommended by experts in and literature on small business development and entrepreneurship. The analysis also resulted in recommendations for future research in the area of self-employment and vocational rehabilitation.

Appendix

The following outlines components for a comprehensive policy on self-employment. Several of the components contain ideas found in existing state policies. Often the state policies did not address thoroughly the component, so they were supplemented with recommendations found in the following two books: *Starting and Operating a Business in Montana: A Step-by-Step Guide* (Jenkins & PSI Research, 1992) and *The Montana Entrepreneur's Guide* (Larson, 1990). Although these books contain the word "Montana" in the titles, the "Starting and Operating" book is available for every state and the District of Columbia and many of the ideas in the *Montana Entrepreneur's Guide* are useful for any small business.

Framework for Policy and Procedures Governing the Use of Self-Employment Closures

Self-employment is a legitimate vocational rehabilitation closure. Contrary to conventional wisdom, small businesses often succeed and many people with work disabilities report being self-employed.

Self-employment may be appropriate for a consumer when: the individual has owned or operated a business in the past; the individual requires a work setting or schedule under his or her control; the competitive labor market is tight and placement unlikely. It is important for the consumer to have a good marketable idea.

If a consumer asks about self-employment, a counselor should acknowledge his or her interest in this option. Both benefits and drawbacks should be reviewed. (Note: a number of the following benefits and disadvantages are taken from Jenkins & PSI Research, 1992.)

Benefits include:

1. Independence--the ability to control the work setting and schedule.
2. Employment where the possibility of employment for another is slim.
3. Being the boss.
4. Contact with customers, suppliers, and others.
5. Making a living at something the individual enjoys doing.
6. A sense of achievement and personal satisfaction if the business is a success.
7. Job security depends on the individual, not on others.
8. Having the ability to make business decisions.

Drawbacks include:

1. In reality, the customer is the boss, not the individual.
2. The hours may be long and hard; often without much spare time.
3. Income may not be steady.
4. All the responsibility lies with the individual.
5. The business may fail.

A wide range of federal, state, local, and private agencies provide support for people interested in starting or expanding businesses. Some agencies of potential interest to VR counselors and consumers include the Small Business Administration (SBA), local and state chambers of commerce, Community Development

Block Grant economic development programs, state board of investments, state department of agriculture, Farmers Home Administration, local and state economic development organizations, small business development centers (funded by the SBA), or development finance organizations.

If a consumer maintains interest in self-employment, the following steps are recommended.

1. Assess Consumer's Business Potential

Assessment may include evaluations of a consumer's skills and aptitudes, as well as evaluations of the consumer as he or she works through the self-employment process. Assessments may be done by a counselor, a VR committee, small business expert, or an external evaluator. A standardized format should be followed. Reported assessments consist of a vocational evaluation, a psychological assessment, a credit check, and a medical evaluation. Besides formal evaluations, assessment can also include observation and assessment of the consumer's planning skills, ability to formulate a marketing and business plan, degree of enthusiasm, initiative, and how he or she follows-through on his or her own self-imposed deadlines or those imposed by VR.[1] If counselors are to perform the evaluation, training should be provided to insure that the counselors know what the state expects of the consumer. The most important element is to make sure that those who are responsible for moving the plan along or for approving it have an understanding of self-employment and of interpreting consumer assessments in light of probable success.

2. Develop a Business Idea, Explore its Feasibility, Conduct a Market Analysis

This task can be accomplished by one or more people working separately or in conjunction with one another. The consumer should bear the major responsibility, however. His or her business proposal should be analyzed by the counselor, an outside consultant, a VR committee, or a business development expert. The business idea may be a service or product new to the geographic location or a differentiation in an existing service or product (i.e., a better service, compatibility with other products, an emphasis on safety, more convenient hours, etc.).

[1] According to Jenkins & PSI Research (1992) characteristics of a successful entrepreneur include a need to achieve, following through on commitment, a positive mental attitude, objectivity, a respectful attitude toward money, an ability to anticipate rather than react, resourcefulness, good personal relations skills, good communication skills, and technical knowledge. Jenkins & PSI Research (1992) include a U.S. Small Business Administration self-evaluation checklist.

The consumer should research the market to determine the need for the business, who the customers would be, and what they are looking for. Accomplishing this task should provide the consumer and VR with information necessary to determine if there is a need for the business, how much of a need there is, and the likelihood of success of the business. Research can be qualitative (interviews, case studies, focus groups) or quantitative (conduct a survey or an experiment or an analysis of secondary data). Qualitative methods usually are used to produce ideas while quantitative methods usually are used to verify the qualitative data.

Counselors may also use this step to assess the consumer's initiative and commitment by expecting him or her to perform many of these steps with minimum guidance. Such initiative is a key characteristic of successful entrepreneurs. If a counselor does not feel the consumer is performing these steps as expected, the counselor should discuss this with the consumer.

3. Consumer Obtains Education or Training

The consumer is expected to be knowledgeable about the product or service offered and about various aspects of running a business such as management, bookkeeping, or marketing. Under this component, the consumer would acquire knowledge or skills through whatever means are appropriate such as attending school, taking correspondence classes, participating in a training program, or working at the same job in another business.

4. Obtain Technical Assistance

The consumer obtains technical assistance in any aspect of the business from one or more experts either within the state VR system, from an outside consultant, from the same type of business, from a business in an adjacent industry, from retailers, sales representatives, industry associations, or chambers of commerce. VR counselors should have or be able to refer the consumer to information about banks and loans, tax information, licensing, or type of training needed. The consumer should talk to people in the same business, in an adjacent industry, in retail, in sales, in industry associations, or with chambers of commerce who can provide the VR consumer with insight about insurance, inventory, advertising, site location, customers, product distribution, licensing, accountants, attorneys, or tax information. Books are another valuable source of technical assistance. Reading books about (a) entrepreneurship, such as *Starting and Operating a Business in Montana* (Jenkins and PSI, 1992; this series publishes a guide for every state and Washington, D.C) or *The Montana Entrepreneur's Guide* (Larson, 1990; although specific to Montana the information can be generalized to other states); (b) specific topics such as marketing or management; (c) the service(s) provided; or (d) the product(s) manufactured.

At this point, a counselor may wish to refer the consumer to the variety of community supports available to entrepreneurs. These may include local business incubators, economic development programs, or a local college or university. Such groups can provide extensive support (e.g., guidance in developing a business plan), as well as funding and access to funding.

5. Develop a Business Plan

The business plan will be used when applying for funds from VR or from sources other than VR. It is a plan that will allow both the consumer and sources of funding (e.g., VR, banks, etc.) to evaluate the business and its chances for success. Minimally, the business plan should include a descriptive summary; a market analysis; a marketing plan; a financial plan (breakeven analysis, cashflow analysis, income statement, and balance sheet); an analysis of initial inventory and supplies; a discussion of methods for recordkeeping, and address zoning, licenses, and insurance; a discussion of possible risks and problems; and an overall implementation schedule.

A review of the plan's adequacy can be conducted by the counselor, a VR committee or expert, or an outside consultant. It is anticipated that a VR committee or expert and an outside consultant would have the skills necessary for analyzing the plan. However, when a counselor or counselor supervisor is expected to evaluate and approve the plan, it is important to recognize that he or she might not possess the skills or knowledge necessary to adequately assess the self-employment plan. In this case, it is recommended he or she be provided training or that an outside or VR department consultant be available for consultation.

6. Explore and Apply for Resources Available From Other Sources

The consumer is expected to contribute as much as possible towards the business from his or her own resources. If additional funds are needed and before expending VR monies, the consumer should apply for them from other sources such as venture or investment capitalists, banks, the Small Business Administration (either for a loan or a loan guarantee), Community Development Block Grants, trade credit, finance companies, Social Security, wealthy individual investors, family, or friends. Local business incubators and support groups can provide assistance in this step. Some consumers also may be eligible for funds from other sources such as programs for certain populations (e.g., programs that assist women or minorities start or expand a business), programs for redeveloping a certain geographic location (e.g., an old downtown area), or from business incubators operating in a certain location.

7. Agency Reviews Self-Employment Plan

The entire self-employment plan should be reviewed by one or more individuals knowledgeable about the proposed business, the geographic and market area, and about small business operation. The person or persons responsible for this review may vary from agency to agency, but might involve the counselor, the counselor's supervisor, a committee, or an outside consultant. Concerns expressed should be addressed and depending on how they affect the plan, it may need to be reviewed again prior to approving and funding the venture. Currently, in many states the counselor's supervisor is the final authority approving the venture. However, unless this person is thoroughly familiar with small business practices and the business climate in the proposed market area, it is recommended that the case be reviewed by others who are better informed.

8. Follow-Up

Follow-up should include a review of the business' profit & loss and income & expense statements, books, and tax returns by the counselor if qualified to review and interpret them or by one or more people who can interpret and pass judgement on the business' progress. These records should be reviewed on a periodic basis, at least quarterly until the case is closed. Follow-up also may include asking customers, either through an interview or a questionnaire, about their satisfaction with the business.

End Note

In the 1992 Amendments to the Rehabilitation Act, the term "employability" was replaced with "employent outcome." Policy is still being developed to comply with this change, and it is unclear at this time if or how this definition will change. For this article the definition used was the one in place at the time of the policy analysis.

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Self-Employment as a Vocational Rehabilitation Employment Outcome in Rural and Urban Areas

Nancy L. Arnold, Ph.D.
Tom Seekins, Ph.D.
Craig Ravesloot, Ph.D.
Research and Training Center on Rural Rehabilitation Services
Rural Institute on Disabilities
The University of Montana
Missoula, Montana

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Estimates indicate that between 2.7 and 3.5 million people between the ages of 16 to 64 with a work disability live in rural areas of the United States (LaPlante, 1992; U.S. Bureau of the Census, 1992). These people are more likely to be unemployed than their nondisabled counterparts (U.S. Bureau of the Census, 1983). Approximately 26.2% of the people with disabilities living in nonmetropolitan areas are employed versus 67.8% without disabilities (U.S. Bureau of the Census, 1983). Further, they are less likely to have jobs than their peers in metropolitan areas (26.2% vs. 27.4%) (U.S. Bureau of the Census, 1983).

Unemployment rates are a direct result of an area's economy and the nonmetropolitan economy has always grown more slowly than expected, in spite of favorable economic factors (Parker, 1991). This slow growth can be attributed, in part, to variations in the industrial composition, regional factors, the cost of labor, educational level, demographic composition, and macro-level economic characteristics. Another contributor to the less-than-expected growth is the "rural factor." The rural factor is a composite of low population densities, small size, distance from metro business and finance centers, and a distinct rural culture (Parker, 1991). Since 1986 these factors combined have resulted in nonmetropolitan general population unemployment rates (this rate includes discouraged workers and half the workers employed part time for economic reasons) that are higher than metropolitan unemployment rates (Dagata, 1992/93).

Besides fewer jobs, wages are lower in nonmetropolitan areas. According to the 1983 Census the average metropolitan wage for a person without a disability was $13,896. In a nonmetropolitan area the average wage was $10,899. For people with a work disability the average metropolitan wage was $11,044 and the average nonmetropolitan wage was about two-thirds that at $7,649 (U.S. Bureau of the Census, 1983).

The slower economic growth, higher unemployment rate, and lower wages found in nonmetropolitan areas present challenges to vocational rehabilitation (VR) counselors trying to help people with disabilities find suitable jobs. A slow growth economy results in fewer employers, fewer job opportunities, and higher unemployment. This increases the competition for each job which reduces the odds of a person with a disability securing employment. Further, if working results in a loss of disability benefits, a person with a disability is generally not likely to work because a paycheck and job benefits do not usually compensate for these lost benefits. As a result of these challenges vocational rehabilitation counselors working in rural locations may find that self-employment, rather than no placement or placement in a marginal competitive employment situation, is a viable solution.

Self-employment is an option used at a higher rate in rural areas (self-employment rates: 12.7% rural, 7.2% urban) (U.S. Bureau of the Census, 1983). Although a number of state VR counselors who participated in the telephone-based survey discussed in this article view self-employment as too difficult for a person with a disability because of the person's decreased physical capacity and the demands of running a business, the U.S. Bureau of the Census (1983) data show a different picture. According to these data, people who report a work disability are twice as likely to report being self-employed (14.7%) as people without a disability (8.0%) (Seekins, 1992).

Based on the above data, researchers at the Montana University Affiliated Rural Institute on Disabilities speculated that self-employment may be an important Vocational Rehabilitation option in rural areas.[1] However, before recommending it be used more regularly in rural areas, a better understanding of its current use was needed. To find out about its use, three studies were conducted. The first study examined national employment outcomes. The second surveyed rural and urban counselors. The third examined the range of self-employment businesses pursued by vocational rehabilitation consumers. Results of these studies are presented below.

[1]The potential difference in the use of self-employment was first brought to the attention of researchers at the Institute by Bob Donaldson, past Director of the Montana Division of Vocational Rehabilitation and Visual Services at a meeting of Priorities for People in Helena, Montana.

Study 1:
The use of self-employment in rural and urban states

Self-employment is a legitimate vocational rehabilitation employment outcome. Given that in the general population self-employment is more prevalent in rural than in urban areas, it was hypothesized that vocational rehabilitation employment outcomes to self-employment would occur at a higher rate in rural states than in urban ones.

Method

To test this initial hypothesis that VR counselors in rural states were more likely to use self-employment as a VR employment outcome than wereVR counselors in urban states, first we examined the 1988 closure rates to self-employment for each state (Rehabilitation Services Administration, 1988). To do this, a ruralness index (Jackson & Seekins, 1989) was calculated for each state by combining measures of population density and percentage of population living in urban areas. Table 1 presents the percent of closures to self-employment reported by each state as well as the ruralness ranking of each state using this method. Next we calculated the Spearman Rho Rank-Order Correlation between each state's rural ranking and each state's ranking with regard to VR self-employment closures.

Results

There were 214,229 VR employment outcomes reported nationwide in 1988. Of these, 4,871 (2.27%) were to self-employment. The percentage of closures to self-employment ranged from .53 to 7.34% across all states. Results of the rank order correlation indicated that self-employment outcomes were significantly more likely in rural than in urban states ($r = .538$; $p < .000$).

Discussion

Results suggest that the use of self-employment as a VR employment outcome is, indeed, more likely in rural states than in urban ones. Overall, the use of self-employment seems surprisingly low, however, given that the pattern of self-employment reported by people with a work disability is so much higher than that reported by the rest of the population. Clearly, VR services cannot account for this discrepancy. Rather, it is surprising that the rate of employment outcomes to self-employment do not more closely parallel the rate of self-employment in the general and rural population.

Table 1

States' Rural Rank & 1988 Self-Employment Rate

State	Rank	1988 Self-Emp. Rate	State	Rank	1988 Self-Emp. Rate
Vermont	13	7.34	Minnesota	22	2.42
New Mexico	8	6.83	Oklahoma	20	2.27
Iowa	21	6.41	Virginia	35	2.20
Mississippi	18	5.31	Missouri	27	2.15
Montana	2	5.17	Michigan	37	2.15
North Dakota	5	4.92	Nevada	7	1.11
Kentucky	26	4.88	Oregon	12	1.98
Wisconsin	29	4.50	Maryland	46	1.96
Wyoming	3	4.45	Utah	10	1.89
Arkansas	17	4.02	Alabama	25	1.87
Alaska	1	3.92	Indiana	36	1.87
Tennessee	34	3.69	Arizona	15	1.80
Florida	40	3.35	Rhode Island	49	1.76
Colorado	16	3.30	Illinois	41	1.68
Texas	23	3.08	Pennsylvania	42	1.55
Hawaii	38	3.07	New Hampshire	28	1.54
North Carolina	31	2.94	Nebraska	9	1.38
West Virginia	19	2.87	New York	45	1.38
Kansas	14	2.73	Georgia	32	1.27
South Dakota	4	2.71	Massachusetts	48	1.17
Maine	11	2.71	Ohio	43	1.16
Washington	24	2.67	Connecticut	47	.65
South Carolina	30	2.60	Delaware	44	.64
Louisiana	33	2.45	California	39	.53
Idaho	6	2.42			

Study 2:
Rural and Urban Counselor Attitudes About, and Use of, Self-Employment As an Employment Outcome

Our first study of the use of self-employment as a vocational rehabilitation employment outcome suggested that, while self-employment is used by VR at a lower rate than that found in the general population, it was more likely to be used in a rural than an urban state. As most states have both rural and urban areas, however, this level of analysis may obscure important differences or present a pattern where none exists. Using data available from RSA, it was not possible to explore self-employment in more detail. Therefore, in order to examine the use of self-employment more accurately, we conducted a survey of rural and urban state Vocational Rehabilitation counselors across the nation.

Method

Research Participants

Participants were a total of 95 state vocational rehabilitation counselors from 10 states. Five of the states had high self-employment rates (from 4.02% to 7.34%) and 5 had low self-employment rates (from 0.53% to 2.71%) during 1988. Participant selection was based on the number of self-employment outcomes during the period 10/1/89 through 9/30/90. In 9 states, 5 counselors with the most self-employment outcomes (ranging from 1 to 29) and 5 counselors with the least (all had no self-employment outcomes) were selected to participate. In one state only 5 counselors participated, 2 with high and 3 with low self-employment outcomes. If a state had more than 5 counselors with high or low self-employment outcomes, participants were randomly selected from the two groups; otherwise all counselors within the group were selected.

Procedures

Data were collected using two survey instruments. The primary consumers of this study were defined as rehabilitation administrators and counselors. We took several steps to involve them in this project. First, to begin to develop these survey instruments, state directors of Vocational Rehabilitation in eight states were asked to nominate one counselor, located in a rural area with a history of closures to self-employment, to be interviewed for our project. A total of nine counselors were interviewed either in person or on the telephone. The interview was guided by a series of predominately open-ended questions that were developed from discussions with the local Missoula, Montana Vocational Rehabilitation office staff.

Table 2

Classifications and Description Used on Mail-Based Questionnaire

Classification	Description
Remote	Remote areas with a population of 2,500 or less
Rural	Towns with a population of 2,501 to 25,000
Nonmetropolitan	Towns with a population of 25,001 to 49,999
Metropolitan	Cities with a population of 50,000 or more

Two survey instruments resulted from these interviews; one mail-based and one telephone-based. The mail-based instrument primarily addressed counselor attitudes and beliefs on the use of self-employment (Ravesloot & Seekins, in press). All items on the survey used a 9-point Likert-type scale anchored at each end with positive or negative adjectives. Questions asked by telephone were dichotomous (e.g., requiring yes or no answers, or estimates of frequency), open-ended, or used a rating scale. They addressed definitions, caseload, consumer interest in self-employment, agency policy and procedures, counselor procedures, consumer characteristics, and training available and needed.

Data Analysis

Rural/urban classification. Counselors were asked to indicate the percentage of consumers they served in each of four demographic areas, including remote, rural, nonmetropolitan, and metropolitan. Table 2 presents the four classifications and their definition, as presented on the questionnaire.

A counselor was considered rural if 50% or more of his or her cases for the year prior to the survey were from remote or rural areas and if 25% or less were from metropolitan areas. Conversely, a counselor was considered urban if 50% or more of his or her cases were from urban areas and 25% or less came from remote or rural areas. Counselors who did not meet these criteria were excluded from data analysis. This reduced the sample from 78 to 60 participants (41 rural and 19 urban).

Statistical analysis. Group differences were tested using t-tests for means and chi-square tests for frequencies. Alpha level was set at .05.

Table 3

Rural and Urban Counselor Demographics

	Location	n	mean	t	d.f.	p
Average of total self-employment outcomes	Rural	27	17.7	2.07	33	.046*
	Urban	15	5.9			
Number of years as a Vocational Rehabilitation Counselor	Rural	41	11.1	(.13)	58	.900
	Urban	19	11.4			
Average number of self-employment outcomes/ year	Rural	27	1.6	1.54	40	.131
	Urban	15	.7			
Total number on active caseload during a typical year	Rural	27	138.5	(.20)	38	.842
	Urban	13	142.7			

**significant at the .05 level*

Results

Seventy-eight of the 95 counselors (82%) contacted returned completed mail surveys; 58 (61%) participated in the telephone survey. All the people who participated in the telephone survey also returned their mail questionnaire. Mail-based surveys were used to determine if a counselor served primarily a rural or an urban area. Forty-one (52.6%) respondents were classified as serving rural areas and 19 (24.4%) as serving urban areas. Eighteen (23.1%) respondents fell between our rural/urban classification criteria so their responses were not used in the following analyses.

As Table 3 shows, at the time of this survey, both rural and urban counselors indicated they had been VR counselors for an average of 11 years. Both also averaged about the same number of people on their active caseload. Rural counselors averaged 17.7 self-employment outcomes during their entire career, ranging from a low of 0 to a high of 100. Urban counselors averaged 5.9 self-employment outcomes during their entire career with a range of 0 to 28. Although rural counselors reported averaging a higher number of self-employment outcomes per year (1.6) than urban counselors (.7), the difference was not statistically significant.

Table 4 presents a comparison of ratings assigned by counselors when asked to rate how they usually viewed self-employment. To assign a rating, counselors used a scale that ranged from 1 to 9. The scale was anchored on each end with opposite adjective pairs. The positive qualities were at the 9 end of the scale. Rural counselors rated 8 of the 11 items higher than urban counselors, with 4 of

Table 4

Rural and Urban Counselor Views of Self-Employment

"Use the following adjective pairs and scale to describe how you usually view self-employment."

Adjectives/Scale	Location	n	mean	t	d.f.	p
Inefficient = 1	Rural	40	5.0	1.32	56	.529
Efficient = 9	Urban	18	4.3			
Unsuccessful = 1	Rural	40	5.0	2.39	27	.024*
Successful = 9	Urban	18	3.7			
Inflexible = 1	Rural	40	5.8	.73	56	.469
Flexible = 9	Urban	18	5.4			
Risky = 1	Rural	40	3.9	2.42	57	.019*
Promising = 9	Urban	19	2.6			
Unrealistic = 1	Rural	40	5.5	3.97	56	.000*
Realistic = 9	Urban	18	3.7			
Difficult = 1	Rural	40	3.4	1.46	56	.15
Easy = 9	Urban	18	2.6			
Unfamiliar = 1	Rural	40	4.8	3.07	55	.003*
Familiar = 9	Urban	17	3.1			
Confusing = 1	Rural	40	4.8	.69	56	.495
Clear = 9	Urban	18	4.4			
Complex = 1	Rural	40	3.5	(.05)	57	.964
Simple = 9	Urban	19	3.5			
Slow = 1	Rural	40	3.3	(.15)	56	.884
Quick = 9	Urban	19	3.4			
Expensive = 1	Rural	40	3.3	(.08)	57	.939
Inexpensive = 9	Urban	19	3.3			

**significant at the .05 level*

these differences reaching statistical significance (successful, promising, realistic, and familiarity).

Table 5 presents ratings by counselors of consumer characteristics relevant to self-employment. In general, rural and urban counselors rated the characteristics similarly. Rural and urban counselors differed significantly in their views on

Table 5

Rural and Urban Counselor Ratings of Consumer Characteristics Relevant to Self-Employment

Ratings of consumer characteristics: Not Important = 1 Very Important = 9	Location	n	mean	t	d.f.	p
Past experience with type of business considering	Rural	41	6.7	(2.21)	58	.031*
	Urban	19	7.7			
Is enthusiastic	Rural	41	8.5	.97	58	.334
	Urban	19	8.3			
Has business planning ability	Rural	41	8.2	.33	58	.745
	Urban	19	8.1			
Has a pleasing personality	Rural	41	6.8	.03	58	.974
	Urban	19	6.7			
Is accustomed to taking risks	Rural	41	6.6	(.21)	57	.831
	Urban	18	6.7			
Has good organizational skills	Rural	41	8.2	(.04)	58	.966
	Urban	19	8.2			
Has demonstrated persistence	Rural	41	8.1	(.66)	58	.512
	Urban	19	8.3			
Is intelligent	Rural	41	6.8	(1.08)	58	.285
	Urban	19	7.3			
Has good social skills	Rural	41	6.9	(.61)	58	.547
	Urban	19	7.3			
Has his or her own financial backing	Rural	41	7.0	(.79)	58	.430
	Urban	19	7.4			

**significant at the .05 level*

how important they thought it was for the consumer to have past experience in the type of business being considered, however. Although both rural and urban counselors considered past experience as important, rural counselors considered it less important. Further, although all characteristics were considered important by both groups, rural counselors rated 7 of the 11 characteristics as slightly less important.

The groups differed significantly on their use of a standardized assessment to determine the feasibility of a self-employment closure. Sixty-three percent of the rural counselors and 100% of the urban counselors reported using no standardized assessment (chi-square = 5.1, p = .02). Further, although both groups agreed that the decision to pursue self-employment was the consumer's, rural counselors were significantly less likely to agree with the statement (t = - 2.31, p =. 025).

No significant differences were found between rural and urban counselors in their reaction to a consumer's inquiry about self-employment; if the state's investment in self-employment should be "protected"; if they required that consumers develop a business plan; about their attitudes towards policies, office atmosphere, agency goals, consumer and reactions; in having a unique approach or method for self-employment; about their experiences; about their use of outside resources to evaluate a proposed business; and about relevant community attributes.

Discussion

Results of this analysis are somewhat difficult to assess due to the small sample sizes. Because of the small number of participants, the samples may not reflect accurately the populations they represent. The small sample sizes also affect the power of the statistics, in this case t-tests and chi-square tests, to detect differences between the sample groups even if differences exist (Cohen, 1988). Remembering this was an exploratory project and based on a limited budget, it was decided prior to conducting the research that the counselors selected to participate would provide the researchers with the most insight into both sides of the use of self-employment by VR counselors.

Results of the surveys support the findings from Study 1 showing a greater use of self-employment as a vocational rehabilitation employment outcome by counselors serving rural areas. Rural counselors report closing more cases to self-employment annually and throughout their careers than urban counselors. In general, rural counselors also appear to view the self-employment option more favorably than their urban counterparts.

The counselors in this sample do not appear to differ significantly in their views of the characteristics consumers should have in order to be successful in self-employment, except that urban counselors thought that past experience with the type of business being considered was significantly more important than rural counselors. Although both groups said a consumer should possess all the personal characteristics we asked about, they thought that enthusiasm, business planning ability, good organizational skills, and persistence were more important than other characteristics.

Urban counselors viewed the self-employment process they went through as less successful than rural counselors. Although both groups rated the process as risky, the difference between rural and urban responses was significant. Urban counselors viewed the process as unrealistic while rural counselors viewed the process as significantly more realistic. Both groups viewed self-employment as difficult, however, urban counselors thought it significantly more difficult than rural counselors.

Neither group thought that people with certain disabilities are more appropriate candidates for self-employment. Both groups thought that self-employment should be as available to a consumer as any other rehabilitation option.

The counselors in the sample thought it quite important to use outside resources for evaluating the consumer's proposed business. However, a larger percentage of urban counselors said they actually used external consulting services. This may reflect both less access to such resources and less time to use them for rural counselors. On the whole, counselors tend not to use a standardized assessment to determine the feasibility of a self-employment closure. In this sample, rural and urban counselors differed significantly in their use of standardized assessments, however. No urban counselors responding to this question used a standardized assessment. As such, it appears that rural counselors may compensate for lack of access to consultants by using standardized assessments.

In summary, rural counselors may tend to use self-employment more often because they have a more positive view of it, because they are more willing to work with consumers to establish businesses in areas where the consumers have had no previous experience, and because they view the process as more realistic and less difficult than urban counselors. Rural counselors in this study tended not to use external consulting services--probably because they are not available to them--and so may rely more on standardized assessments than urban counselors.

Study 3: Employment Categories of Self-Employment Closures

One concern about the use of self-employment voiced by VR counselors is that consumers often have an unrealistic view of businesses that may succeed. Counselors in our initial qualitative study suggested that many consumers interested in pursuing self-employment have unrealistic hopes of turning a hobby into a profitable business. This study was conducted to examine the range of self-employment businesses pursued by VR consumers.

Method

As part of the telephone-based survey described above, counselors were asked to report the types of businesses VR had helped start. These reports were grouped into similar classifications and tallied.

Table 6

Types of Businesses VR Has Helped Establish

AGRICULTURE
- Bird farmer
- Farmer
- Embryo transfers
- Fish farmer
- Greenhouse operator
- Harness sales/repair
- Horseshoer
- Rabbitry
- Rancher
- Tree farmer
- Worm farmer

ARTIST, CRAFTSPERSON
- Artist
- General crafts
- Photographer
- Sculptor
- Writer

AUTOMOTIVE
- Autobody repair
- Auto sales lot owner
- Mechanic

BUILDING TRADES
- Cabinetmaker
- Carpenter
- Carpentry shop owner
- Contractor
- Handyman
- Home renovation
- House painter
- Plumber
- Security system installer

CLOTHING
- Clothing store owner
- Shoe/leather repair
- Tailor/sewer
- Used clothing store owner

ENTERTAINMENT
- Musician
- Professional singer
- Satellite dish sales

FOOD & BEVERAGE SERVICES
- Baker
- Bar owner
- Butcher
- Caterer
- Chef/Cook
- Liquor store owner
- Restaurant owner
- Grocery store owner
- Vending machine operator

FURNITURE
- Furniture refinisher
- Piano refinisher
- Upholsterer

PERSONAL SERVICES
- Beautician/barber/ cosmetologist
- Childcare/babysitter
- Locksmith
- Scissor sharpener

PETS
- Dog groomer
- Pet sitter
- Veterinarian supply store owner

HUNTING & FISHING
- Bait/tackle shop owner
- Boat maker
- Commercial fisher
- Fishing lure/sinker manufacturer
- Gunsmith
- Marine engine repair
- Taxidermist
- Trapper

LANDSCAPING & YARD CARE
- Lawncare
- Nursery & landscape
- Pool maintenance
- Spray pilot
- Weed abator

OFFICE SERVICES
- Accountant
- Answering services
- Bookkeeper
- Computer operator
- Desk-top publisher
- Medical transcriptionist
- Typist
- Word processor

HEALTH
- Attendant care
- Chiropractor
- Hearing aid sales
- Massage therapist
- Optician
- Physical therapist
- Recreation center owner

PROFESSIONAL SERVICES
- Architect
- Counselor
- Insurance salesperson
- Real estate agent & broker
- Solar design firm owner
- Stockbroker

REPAIR
- Air conditioner repair
- Appliance repair
- Jewelry repair
- Motor repair
- Radiator repair
- Small engine repair
- TV repair

MISCELLANEOUS
- Auctioneer
- Collectible item store owner
- Dart maker
- Gold miner
- Janitor/maintenance
- Jewelry maker
- Machinist
- Printer/publisher
- Bicycle shop owner
- Sign painter
- Truck driver
- Welder
- Woodcutter
- Woodshop/ woodworker

Results

Table 6 lists the types of businesses that VR has helped to establish. One hundred eighteen different businesses were reported. Rural counselors tended to close more people to be mechanics (nine), farmers (six), small engine repairers (five), carpenters (four), and woodshop/woodworkers (four).

Discussion

VR consumers appear to enter a wide variety of business ventures with the assistance of VR services. Some, but not all, of the types of businesses people entered were specific to their local area (e.g., boat maker, marine engine repair, taxidermist, trapper)--something to keep in mind when looking for business opportunities. Far from being unrealistic dreams, these businesses appear to be part of the mainstream economy. Anecdotally, one counselor reported that a consumer's business produced more income in fewer hours than counseling, tempting the counselor to follow the consumer into that type of business.

Conclusion

These studies suggest that self-employment should be more carefully considered as a vocational rehabilitation employment outcome and may be more applicable to rural counselors. Rural counselors view self-employment more favorably and use it more often than their urban counterparts. It may also be an adaptive response to rural economic conditions.

Results from these studies suggest that one important procedural development needed to promote the effective use of self-employment as a rehabilitation option --especially in rural areas--is to develop formalized assessment devices to help consumers and counselors with the self-employment process. Another approach may be to develop mechanisms to link rural counselors with outside resources that typically are not available to their consumers. A third approach may involve profiling the current practices of rural counselors who believe they have unique approaches to the use of self-employment.

One obstacle faced in studying these rural vocational rehabilitation practices and outcomes involved the lack of centrally reported geographic data on the VR forms. The addition of county of residence data would permit rigorous examination of these and other issues important to rural rehabilitation.

The long-running rural economic stagnation may also suggest that a review of the use of self-employment as a vocational rehabilitation employment outcome is in order. By using self-employment as an option, VR counselors can contribute to the economic development efforts of the rural areas they serve by helping to create new businesses. Similarly, VR administrators might consider allocating

staff time to participating directly in rural economic development, thereby creating more opportunities for VR consumers by helping to improve the local economy of the areas they serve. Such a linkage between rural VR and rural economic development agencies may represent the emergence of a true rural vocational rehabilitation model.

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Vocational Rehabilitation Counselors' Attitudes Toward Self-Employment: Attitudes and Their Effects on the Use of Self-Employment as an Employment Option

Craig Ravesloot, Ph.D.
Tom Seekins, Ph.D.
Research and Training Center on Rural Rehabilitation Services
Rural Institute on Disabilities
The University of Montana
Missoula, Montana

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Quality of life is intimately related to an individual's major life activities (Antonovsky, 1987). For many individuals, productive employment is of central importance. Unfortunately, people with disabilities confront many difficulties in finding or keeping work; with overall unemployment rates for this population as high as 50%, and as high as 60% for people with disabilities living in rural areas (Rural Institute on Disabilities, 1993).

The national system of vocational rehabilitation (VR) services represents one of our nation's commitments to assisting people with disabilities achieve their goals of productive employment (Rehabilitation Act Amendments, 1992). Historically, the focus of vocational rehabilitation has been preparing employees to work at jobs traditionally available in the private and public sectors. In 1988, the system of state-administered VR programs, on a budget of $1.5 billion, helped approximately 650,000 individuals become employed. This represents only about 5-7% of the eligible population, however (General Accounting Office, 1993).

During this same period, the structure of the U.S. labor market began undergoing significant changes in a more competitive global economy. Among these changes is a shift toward more contingent employment arrangements (Belous, 1989). Contingent employment includes temporary, part-time, subcontracted, and self-employment.

Indeed, self-employment is one of the fastest growing employment options (Becker, 1984; Silvestri, 1991). Interestingly, Seekins (1992) reports that people who report a work disability report being self-employed at nearly twice the rate of the general population (14% *vs.* 8%). Unfortunately, the trend in the growth of self-employment is not reflected in vocational rehabilitation practice nor can vocational rehabilitation services account for the surprising rate of self-employment among those who report a work disability. The Rehabilitation Services Administration (1988) reports that only about 2-3% of its annual case closures are to self-employment, ranging from .53% of cases in California to 7.34% of cases in Vermont. This disparity between national employment trends and rehabilitation practice may be most detrimental to individuals living in rural areas, where self-employment is nearly twice as prevalent as in urban areas and may represent the most viable employment option in some cases.

The VR system is federally sponsored, but administered by the various states (Rehabilitation Act Amendments, 1992). Federal policies set broad guidelines and regulations that are then interpreted and applied by states. VR counselors operating in a state system have a great deal of discretion within a broad framework that calls for the development of individualized written rehabilitation plans (IWRP). Theoretically, counselors and consumers are free to pursue a wide range of employment options (e.g., competitive employment, supported employment, sheltered employment, and self-employment). From a service perspective, counselors make many judgments and recommendations that will influence the course of a consumer's rehabilitation choices, the quality of the person's work life, and ultimately, the quality of life in general. Ideally, counselors focus on the needs and goals of consumers in the development of IWRPs. Yet, some of their recommendations may vary systematically (General Accounting Office, 1993). For example, Seekins (1992) has shown that the use of self-employment as a VR case closure is more likely to be used by counselors in rural states.

One cause of variations in recommendations and services may involve attitudes that develop among the staff of a program (e.g., Schein, 1979). Employee attitudes are often shaped by other employees, supervisors, and the general work climate. These attitudes can directly influence the interpretation and application of organizational policy (e.g., Griffin & Moorhead, 1986 p. 208). Even if inaccurate, staff assessments of supervisor's attitudes about particular issues can significantly affect performance (e.g., Schein, 1979). In vocational rehabilitation, for example, even though self-employment is a legitimate option, supervisors may convey or staff may develop the attitude that competitive employment in existing jobs is preferred or that the use of self-employment as an option is discouraged.

Research into the factors that affect use and non-use of self-employment rehabilitation strategies can focus on a number of different areas. For instance, state policies governing the use of self-employment may facilitate or restrict its

use by counselors (Arnold & Seekins, 1994). Likewise, availability of funding and other resources for self-employment strategies certainly affect its use. Alternatively, the content of training materials for VR counselors may be investigated to determine whether they are adequate in the area of self-employment strategies.

While these factors undoubtedly contribute to the use of self-employment strategies, the focus of this study is the attitudes of VR counselors. The purpose of the present study was to investigate the development and effects of VR counselors' attitudes toward self-employment as a vocational rehabilitation strategy. It is one part of a larger study on the use of self-employment as a VR closure in rural rehabilitation.

Methods

Subjects

One hundred VR counselors were selected from states that demonstrated unusually high or low self-employment closure rates according to statistics collected by the Rehabilitation Service Administration (RSA) in 1988. Of the VR counselors in each of these states, the 5 with the highest and 5 with the lowest self-employment closure rate during the 1990 calendar year were randomly selected. Seventy-eight of the 95 counselors contacted returned usable surveys for an 82% response rate.

Instruments

The self-employment rehabilitation survey was constructed by initially interviewing nine VR counselors serving rural areas. These individuals were interviewed to profile the use of self-employment rehabilitation strategies. Interviews were semi-structured with open ended questions and lasted approximately 45 minutes. The interview data were used to write items concerning areas that were contradictory or otherwise unclear following the interviews. Items were structured with a nine-point Likert-type scale anchored at both ends. Various service providers and other VR professionals reviewed these items during the survey construction process.

Counselor attitudes toward the self-employment rehabilitation strategy were assessed using the semantic-differential technique (Nunally, 1978). This technique uses bipolar adjective pairs such as "Successful-Unsuccessful" on a Likert-type scale to measure a concept directly. For this survey, counselors were asked to "describe how you usually feel about self-employment as a vocational rehabilitation strategy" using adjective pairs. The final survey contained 42 items including the 11 semantic-differential items listed in Table 1.

Table 1

Semantic Differential Adjective Pairs Used to Measure Counselor Attitudes

	1	2	3	4	5	6	7	8	9	
Inefficient										Efficient
Unsuccessful										Successful
Inflexible										Flexible
Risky										Promising
Unrealistic										Realistic
Difficult										Easy
Unfamiliar										Familiar
Confusing										Clear
Complex										Simple
Slow										Fast
Expensive										Inexpensive

Results

All data were entered and checked for accuracy by two research assistants working independently. Discrepancies in data entry were checked and corrected. Both univariate and multiple regression analyses were performed to test for the predicted relationships. For each regression analysis, scatterplots of the regression residuals, predicted values, and independent variables were inspected.

A priori predictions were made regarding the content of attitude scales and their relationship to other variables in the SELF-EMPLOYMENTsurvey. The items selected to measure counselor attitudes toward self-employment rehabilitation strategies were selected to measure two components: evaluation and familiarity (Nunally, 1978). Both the evaluation and familiarity scales were predicted to covary with items judged to be precursors to attitudes and effects of attitudes. Table 2 contains these items.

The items predicted to measure the evaluation and familiarity components were correlated to assess the covariation of items before summing them into scales. Table 3 contains inter-correlations of items for both attitude scales.

Table 2

Items Hypothesized to be Predictive of, and to Show Effects from, Counselor Attitudes

Items hypothesized to predict attitude development
1.My past experiences with or observations of self-employment as a rehabilitation strategy have been positive. (Agree-Disagree)[1]
2.My department's policies and procedures facilitate the use of self-employment rehabilitation strategies. (Agree-Disagree)
3.The atmosphere in my office is generally pessimistic toward self-employment rehabilitation strategies. (Agree-Disagree)
Items hypothesized to show effects from counselor attitudes
1.Self-employment should be as available to a client as any other rehabilitation strategy. (Agree-Disagree)
2.The state's investment in self-employment (e.g. equipment and supplies purchased) should be carefully protected. (Agree-Disagree)
3.In general, how would you rate your personal reaction (not what you say to the client) to a client's inquiry about self-employment. (Positive-Negative)
4.In general, how do you think most clients find the processes they must go through in pursuing self-employment (i.e. paperwork, completing a business plan, etc.)? (Discouraging-Encouraging)

[1]Items were presented with a nine-point likert-type scale anchored by the words in parenthesis (e.g. agree-disagree).

Table 3

Evaluation and Familiarity Scales Item Intercorrelations

	Effic	Succ	Flex	Prom	Real	Easy	Quic	Inex	Fami	Clear
EVALUATION										
Efficient	1.000									
Successful	0.792	1.000								
Flexible	0.386	0.346	1.000							
Promising	0.451	0.654	0.209	1.000						
Realistic	0.474	0.630	0.283	0.577	1.000					
Easy	0.455	0.570	0.343	0.644	0.458	1.000				
Quick	0.420	0.513	0.395	0.622	0.278	0.568	1.000			
Inexpensive	0.373	0.496	0.338	0.341	0.302	0.536	0.397	1.000		
FAMILIARITY										
Familiar	0.472	0.548	0.415	0.392	0.481	0.588	0.341	0.429	1.000	
Clear	0.348	0.320	0.492	0.304	0.365	0.402	0.412	0.491	0.642	1.000
Simple	0.427	0.397	0.291	0.464	0.251	0.674	0.529	0.445	0.585	0.562

Table 4 contains the descriptive statistics and reliability of each attitude scale. Inspection of the boxplots indicated that each scale approximates multivariate normality. Overall, counselors evaluated self-employment neutrally (mean rating = 4.6) but were slightly unfamiliar with it (mean rating = 4.0). Coefficient alpha for each scale indicated that both scales possessed sufficient reliability. However, following inspection of the correlation between the evaluation and familiarity scales (.71) and the correlation of each scale with all items, the familiarity scale was dropped from further analysis. Based on these indices, the familiarity scale did not appear to add to the usefulness of the evaluation scale.

Table 4

Descriptive Statistics of Evaluation and Familiarity Scales

	N	Mean	Median	SD	Min	Max	Alpha
Evaluation	76	36.82	37.00	11.51	9.00	60.00	87.0
Familiarity	75	12.49	12.00	4.90	3.00	27.00	82.0

Initially, the Self-Employment Evaluation Scale (SEES) was used to predict the number of self-employment closures counselors estimated they had annually. These results indicated that counselors' attitudes accounted for 11% of the variance in counselors' self-reported closure rate to self-employment. This relationship was further demonstrated by comparing counselors in the 1st and 4th quartile on the evaluation scale for the number of self-employment closures they estimated having annually. The mean number of self-employment closures for these two groups (.67 and 2.33) differed significantly ($t_{18} = -2.45$, $p < .025$) suggesting a correspondence between the counselors' attitudes toward self-employment strategies and their use of them.

Next, each of the variables conceptualized as precursors to attitude was used to predict counselors' attitudes. These results, presented in Table 5, indicate that each of the variables has a significant impact on counselors' attitudes.

Table 5

Univariate Regression of Self-Employment Evaluation Scale Scores on Precursor Variables

1. Past Experiences

SEES = 21.4 + 2.90 past experience

SOURCE	DF	SS	MS	F	p
Regression	1	3605.2	3605.2	46.17	0.000
Error	73	5700.2	78.1		
Total	74	9305.4			

R-sq = 38.7%

2. Policy Facilitates SE

SEES = 27.1 + 1.64 policy facilitates

SOURCE	DF	SS	MS	F	p
Regression	1	1313.1	1313.1	11.29	0.001
Error	73	8489.6	116.3		
Total	74	9802.7			

R-sq = 13.4%

3. Office Atmosphere

SEES = 48.9 -- 2.483 office atmosphere

SOURCE	DF	SS	MS	F	p
Regression	1	3180.41	3180.41	38.13	0.000
Error	72	6005.59	83.41		
Total	73	9186.00			

R-sq = 34.6%

To assess the collective impact of these variables on counselor attitude, the variables were entered into a stepwise multiple regression procedure. These results are listed in Table 6. The counselors' past experience variable entered the equation first accounting for 38% of the variance and office atmosphere entered next accounting for an additional 11% of the variance. Collectively, these variables accounted for 49% of the variance in counselor's attitudes.

Table 6

Multiple Regression of Precursor Variables on SEES Scores

SEES = 33.69 - 1.601 office atmosphere + 2 .039 past experience

SOURCE	DF	SS	MS	F	p
Regression	2	4548.48	2274.24	34.82	0.000
Residual	71	4637.52	65.32		
Total	73	9186.00			
	R-sq = 49.5%				

This stepwise procedure did not result in significant direct effects for counselors' ratings of their states' policies on attitude. However, indirect effects were also investigated. Investigation of indirect effects for state policy was accomplished by looking at the impact of policy on office atmosphere. These results are presented in Table 7. Counselors' opinion regarding whether their states' policies facilitate the use of self-employment strategies accounted for 30% of the variance in their rating of their offices' atmosphere regarding self-employment strategies. These results suggest that state policy has a significant impact on the office atmosphere toward self-employment. Thus, a state's policy has an indirect effect on a counselor's attitudes toward self-employment strategies.

Table 7

Univariate Regression of Office Atmosphere on State Policy

office atmosphere = 8.24 -- 0.581 policy

SOURCE	DF	SS	MS	F	p
Regression	1	157.39	157.4	31.60	0.000
Error	72	358.57	74.98		
Total	73	515.96			
	R-sq = 30.5%				

Table 8

Univariate Regression of Evaluation Scale Scores on Effect Variables

1. SE availability

availability = 4.303 + .0733 SEES

SOURCE	DF	SS	MS	F	p
Regression	1	49.306	49.306	10.586	0.001
Error	72	335.680	4.662		
Total	73	384.986			

R-sq = 12.8%

2. State's Investment

state's investment = 9.02 - 0.0523 SEES

SOURCE	DF	SS	MS	F	p
Regression	1	27.202	27.202	9.44	0.003
Error	74	213.153	2.880		
Total	75	240.355			

R-sq = 11.3%

3. Personal Reaction

personal reaction = 0.749 + 0.126 SEES

SOURCE	DF	SS	MS	F	p
Regression	1	157.20	157.20	47.53	0.000
Error	74	244.74	3.31		
Total	75	401.93			

R-sq = 39.1%

4. Process

process = - 0.015 + 0.0944 SEES

SOURCE	DF	SS	MS	F	p
Regression	1	88.505	88.505	29.72	0.000
Error	74	220.376	2.978		
Total	75	308.882			

R-sq = 28.7%

Results for the variables expected to show effects from the counselors' attitudes are presented in Table 8. The variables showing the largest effects were the counselors' personal reactions to a consumer's inquiry regarding self-employment and their expectations of the consumer's experience in pursuing self-employment closure. The more positively counselors evaluated self-employment as a strategy, the more positive was their reaction to inquiries about self-employment. Additionally, the more positive their evaluation, the easier they rated the process of pursuing a self-employment closure for consumers.

Finally, the variables predicted to show effects from counselors' attitudes were summed into a scale. It is argued that the sum of these items represents the counselors' estimation of how facilitative the VR process is for consumers pursuing self-employment. Inspection of the boxplot produced for this variable indicated that the scale approximates mulivariate normality. Next, the SEES was used to predict this self-employment facilitation variable. The results, presented in Table 9, indicated that over 38% of the variance in self-employment facilitation was accounted for by VR counselors' attitudes.

Table 9

Univariate regression of counselor facilitation of self-employment on counselor attitudes

facil = 14.06 + 0.238 evalsum

SOURCE	DF	SS	MS	F	p
Regression	1	565.67	565.67	46.94	0.000
Error	74	891.74	12.05		
Total	75	1457.41			

R-sq = 38.8%

Discussion

The frequency with which self-employment is used as a rehabilitation strategy is affected by counselor attitudes toward such strategies. Attitudes accounted for more than 10% of the variance in the number of self-employment closures counselors reported during the previous year. These results suggest that the rates of self-employment in the VR system could become equitable with rates of self-employment in the general population by interventions that make self-employment a more attractive closure to the VR counselor.

Three variables were predicted to be instrumental in the development of counselor attitudes toward self-employment vocational rehabilitation strategies. Additionally, four variables were predicted to show effects of the counselors'

attitudes. The results of this study suggest plausible cause and effect relationships between VR counselors' attitudes toward self-employment as a rehabilitation strategy and the ease with which VR consumers are able to pursue self-employment. Additionally, these results suggest the state policies governing self-employment may have an indirect, but important impact on counselors' attitudes toward self-employment as a rehabilitation strategy.

The Self-Employment Evaluation Scale was developed to measure VR counselors' attitudes toward self-employment as a rehabilitation strategy. This instrument demonstrated good reliability and consistent covariation in predicted directions with other variables in this study. Taken together, these data suggest the SEES functioned as a reliable and valid indicator of counselor attitudes toward self-employment strategies.

In this study, an attempt was made to determine a few of the key components that lead to attitude development in VR counselors. A multiple regression of items believed to be instrumental in attitude development onto the SEES provides clues to important influences on VR counselor attitude development. First, the counselors' past experience with self-employment strategies is the strongest predictor of attitude, accounting for 38% of the variance in counselor attitudes. While this result is not surprising, it raises the question of whether VR counselors in most states receive adequate training and support to use self-employment strategies successfully. If not, it seems likely that early failure experiences with self-employment strategies would lead to negative attitudes and consequently, decreased use of self-employment strategies. Given adequate training and support, early experiences may be more positive, resulting in more positive attitudes and higher rates of self-employment closure.

The second plausible influence on attitude development is the atmosphere regarding self-employment strategies in the VR counselor's office. In most states the VR system is highly organized and hierarchical. For instance, individual plans are prepared by counselors in standard formats. Additionally, counselors' performances are evaluated by supervisors and may be publicly compared. Such procedures express organizational standards or expectations for performance and imply contingencies. All staff are aware of these standards and their standing. They also become aware of the strategies that are believed to contribute the most and the least to achieving those standards. As an example, in our early discussions, some counselors indicated the emphasis in their office was on placements and self-employment strategies were generally viewed as inefficient or costly. Arnold & Seekins (1994), however, present data that self-employment closure costs compare favorably to other closures.

The final influence on VR counselors' attitudes toward self-employment identified in this study may come indirectly from a state's policy regarding the use of self-employment. Policies governing the use of self-employment vary

widely across states (Arnold & Seekins, 1994). The counselors in this study indicated remarkable variability in their ratings of how facilitative their own state's policy is for pursuing self-employment strategies. With over 30% of the variance in the counselors' ratings of office atmosphere being accounted for by ratings of their states' policies governing self-employment, these policies probably have a substantial impact on counselors' use of self-employment strategies. The results of this present study suggest that the model adopted by the state VR administration will impact the level of optimism in the local VR office about using self-employment strategies. Unfortunately, this impact may be translated into decreased availability and accessibility of self-employment strategies to VR consumers.

In most states, the methods used to reach closure during the VR process are determined in large part by the VR counselor. If counselors approach the rehabilitation process with tendencies not to use self-employment strategies, the consumer wanting to pursue self-employment will likely find the process difficult and discouraging. The results of this study clearly suggest that the ease with which a consumer can pursue self-employment (as rated by the counselor) is related to counselors' attitudes.

The four variables predicted a priori to show effects from counselors' attitudes were first tested individually. These data indicate that counselors' attitudes affected their ratings of the rehabilitation process when they used self-employment strategies. Thus, the counselors' rating of the availability of self-employment as a rehabilitation strategy was related to their attitudes as was their ratings of the need to be protective of the state's resources, the difficulty of the process people must go through to attempt self-employment, and the counselor's own personal reaction to a consumer's request to pursue self-employment. These four variables may represent how facilitative counselors are to the process of pursuing self-employment. If so, then nearly 40% of the variance in how much consumers pursuing a self-employment closure are facilitated in the process can be predicted by the counselors' attitudes toward self-employment strategies. Because counselors' attitudes appear to be closely related to the broader VR context (e.g. office atmospheres, state policies), changes in the system may be most useful for making self-employment a more equitable choice for VR consumers.

Residents of many rural areas face difficult economic circumstances. While various economic development strategies are debated (Miller, 1985), entrepreneurial approaches, including self-employment, are advocated as an option of particular utility in rural areas (Malecki, 1988; Miller, 1985). This is consistent with trends in the general labor market.

Rural VR counselors might contribute to the economic development of the rural communities they serve by assisting consumers interested in starting their own businesses. Rural consumers might also benefit indirectly if counselors also participated in the generic activities of rural economic development to help create jobs. This latter step would be a new role for VR in rural communities.

The role of self-employment rehabilitation strategies in vocational rehabilitation may be dependent on important characteristics such as population density in the VR region. Thus,

the use of self-employment strategies is probably more important in rural areas, where competitive employment options may be limited, than in more urban ones. While it is recognized that self-employment strategies may not be appropriate for many VR consumers, self-employment should certainly be as available as any other VR strategy. With current self-employment closure rates for states between .5% and 7%, it is clear that self-employment is not as available for many consumers as it could be. These research results suggest changes in the VR service system and pose the question of what role VR counselors might legitimately play in the economic development of the rural areas they serve. As part of our research, we have identified a number of creative approaches to using self-employment as a vocational rehabilitation closure. These have ranged from simple referrals to ad hoc arrangements with local community/economic development programs that approximate a program of supported self-employment.

This study was exploratory in nature and the results presented above should be investigated further. The cross-sectional and self-report nature of the data in this study can only suggest a causal link between state policies, counselor attitudes, and the use of self-employment strategies. Firm conclusions await more rigorous field studies that may compare policies across a smaller number of states and the relationship of these policies to self-employment strategy use. Additionally, as states develop more facilitative policies in the future, longitudinal studies of the effects could easily be employed. Such studies would be valuable to administrators in other states contemplating policy changes.

Consumer self-determination and freedom of choice is valued by most VR counselors. However, VR counselors operate within the broader context of the VR system. This study provides evidence that the broader VR system might change its policies to facilitate access to self-employment options, especially in rural areas.

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Economic Development and Rural Vocational Rehabilitation: Speculation About a Model for Community Rehabilitation Facilities

Tom Seekins, Ph.D.
Research and Training Center on Rural Rehabilitation Services
Rural Institute on Disabilities
The University of Montana
Missoula, Montana

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The U.S. labor market is undergoing a shift toward a pattern that reflects a more contingent employment economy. Vocational rehabilitation service providers should consider their current practices and strategies to ensure that they are in tune with such emerging trends.

Self-employment, a legitimate vocational rehabilitation closure, is one area of significant employment growth and is particularly prevalent in rural areas. Further, significantly more people who report a work disability also report being self-employed than their counterparts who do not report a work disability.

Some general facts about self-employment and disability, culled from the U.S. Bureau of the Census and the Rehabilitation Services Administration, include the following:

- A greater percentage of people living in rural than urban areas are self-employed. Nearly 13% of rural workers are self-employed while only 7% of urban workers are so employed.
- A greater percentage of people who report a work disability also report being self-employed than those without a disability. Nearly 15% (520,000) of people who report a work disability also report being self-employed, while only 8% of those with no work disability report being self-employed.
- Nationally, vocational rehabilitation providers close only about 2 to 3% of their cases to self-employment (4,871 in 1988). These closures cannot account for the high rate of self-employment by people who report a work disability.

- Vocational Rehabilitation closures to self-employment are significantly more likely in rural than in urban states.

Vocational Rehabilitation and Self-Employment

The Rural Institute on Disabilities conducted three national studies, from late 1992 through early 1993, on the use of self-employment by vocational rehabilitation (VR) counselors. First, we surveyed VR counselors in a total of 45 urban and rural states about their attitudes toward the use of self-employment, using a mail-based questionnaire. Second, we conducted in-depth phone interviews and mailed questionnaires to counselors, asking them how they went about using self-employment as a closure. Finally, we collected and analyzed policies of each state's VR agency in relation to self-employment. Some of our findings include:

- Generally speaking, VR counselors who had more positive attitudes toward self-employment were more likely to use it as a closure.
- In reviewing state policies on the use of self-employment as a vocational rehabilitation closure, we have identified 16 different frameworks that range from no procedures at all to highly structured and detailed procedures that specify a range of people and programs (e.g., client, counselor, supervisor, agency committee, internal and external business consultants) that are to be involved in such cases, and client eligibility characteristics.
- VR closures to self-employment cover a wide range of occupations, including agriculture, health care, automotive services, building and trades, landscaping, animal care services, food and beverage services, hunting and fishing industries, entertainment, clothing, arts and crafts, repair services, furniture services, offices services, personal services, and a host of miscellaneous occupations.
- As part of our research, we have identified a number of creative approaches to using self-employment as a vocational rehabilitation closure. They have ranged from simple referrals to ad hoc arrangements with local community and economic development programs that approximate a program of supported self-employment.

Speculation About A Model

Models for providing vocational rehabilitation services have evolved and continue to change in response to changing markets and clienteles, and changes in social goals and technology. One discernable trend appears to be an evolution to more-integrated rehabilitation programs and services. Most recently this evolution has been exemplified by the emergence of supported employment.

Undoubtedly, vocational rehabilitation programs and services will continue to evolve. The direction of this evolution may, to some extent, be both anticipated and shaped. One direction to consider seriously involves an emphasis on the use of self-employment for vocational rehabilitation. The remainder of this paper presents some speculation about how self-employment might be incorporated into the program of services offered by community rehabilitation facilities. This model involves integrating community rehabilitation facility services with economic development programs operated within their catchment areas.

The accompanying chart outlines one model for integrating community rehabilitation facilities with community economic development programs. Traditionally, community rehabilitation facilities, such as Goodwill Industries, have provided employment training and preparation for individuals with disadvantages and less severe disabilities, and sheltered employment for individuals with disabilities.

Typically, these services have been driven by referrals and contracts with such agencies as vocational rehabilitation or the Employment Service. Employment training programs have prepared employees for competing more effectively for jobs in the general community economy. Sheltered employment programs have provided direct, supervised employment (including, more recently, supported employment). This has traditionally involved developing contracts for services (e.g., packaging, assembling, manufacturing) from businesses operating in the general community economy.

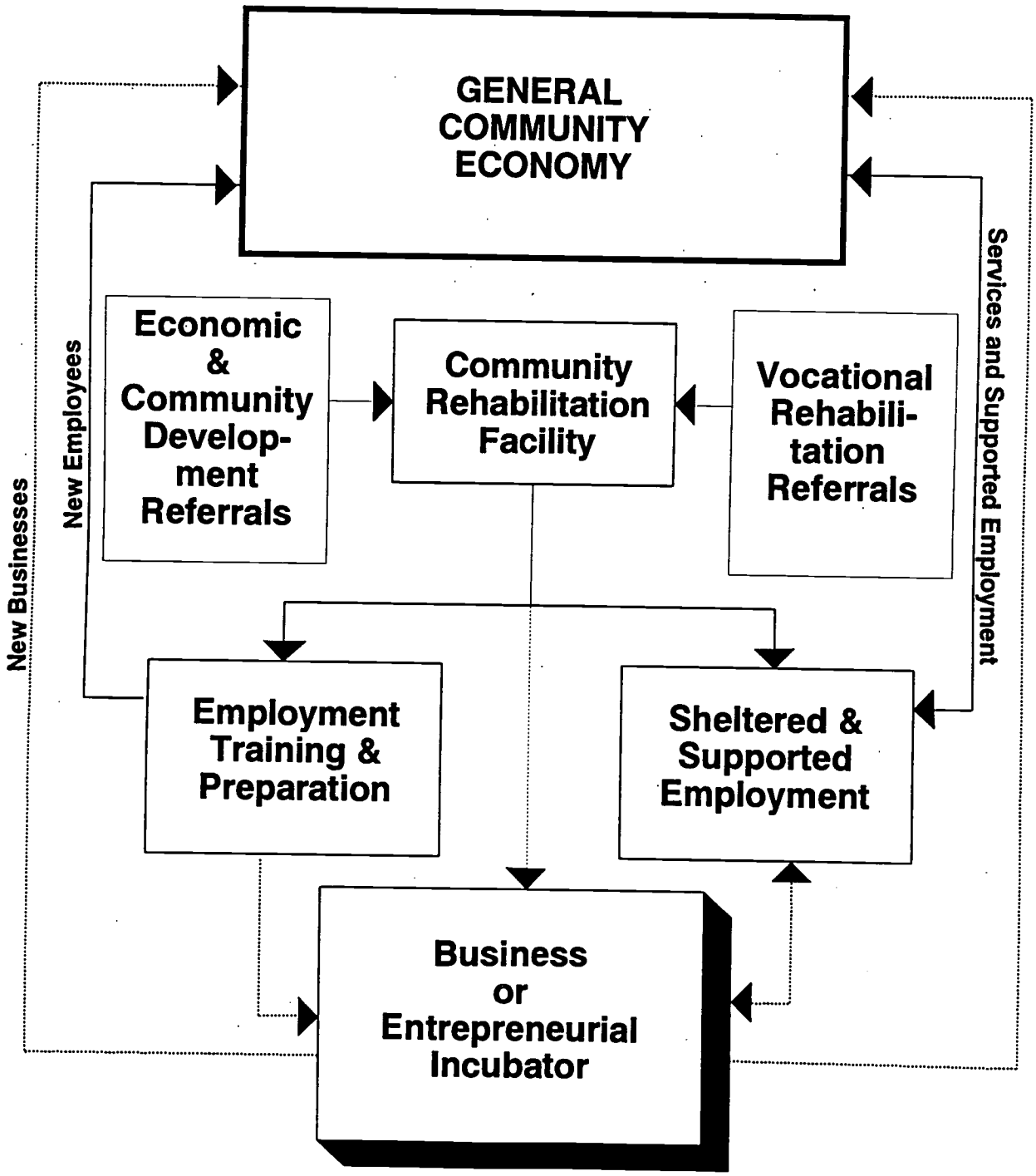
One possible mechanism for integrating a community rehabilitation facility's services with community economic development programs is to develop a business/entrepreneurial incubator as part of the organization's services. Business/entrepreneurial incubators provide a range of educational and support services to individuals attempting to start a business. They are funded by a range of mechanisms, including grants, contracts, and fees, depending on their nature and mission. Their clients come from a variety of sources, including self-referral, community development program referrals, and even vocational rehabilitation referrals.

Components of a business/entrepreneurial incubator that most community rehabilitation facilities already have in some form include a business advisory council, a site, business support services, contracted production capacity, trainees, vocational evaluation services and marketing capacity.

A community rehabilitation facility does indeed have many components required of an incubator, or infrastructure that could be easily modified to meet these requirements.

For example, a major characteristic of most community rehabilitation facilities is the facility itself--a portion of which might be set aside, as needed, for incubation. Many rehabilitation facilities even have business advisory councils that can

Speculative Model for Integrating Community Rehabilitation Facilities & Community Economic Development



provide overall direction, specific advice, mentoring, and even markets for businesses emerging from the incubator.

Most community rehabilitation facilities have on-site business support services (e.g., bookkeeping) that could also be provided to incubating businesses. Perhaps more importantly, they provide training and supported work in other services that new business could use, such as office skills, janitorial services and production work. Community rehabilitation facilities also often have marketing capacities that an incubating business could use to develop and execute a marketing plan.

Components of a business incubator that a rehabilitation facility would probably need to develop or acquire include entrepreneurial training, small business development training and support, entrepreneurial support groups, services to earn development capital, and program funding and support. These components might be developed internally, by hiring or retraining staff. Alternatively, an existing incubator might be acquired in some fashion (e.g., merger).

Some of the goals and benefits of this new linkage, to the rehabilitation facility, would be the expansion of operations and markets, orientation to economic trends, the opportunity to appeal to an expanded client base, increased employment options, greater integration of the general population and individuals with disabilities, the opportunity to generate income through subsidiaries, the repositioning of the organization as one deeply involved in the community's development, the chance to create and launch businesses that have a history of working with the facility, and the provision of work adjustment and training operators.

Potential obstacles that would have to be considered in planning and developing such a new program would be competition with facility services and existing community businesses, turf issues with economic development programs, impaired ability to serve current clients and the ability to secure funding.

Potential sources of revenue for business/entrepreneurial incubators would include vocational rehabilitation services, local or regional community/economic development programs, local development banks, state grants and contracts, private investments, fees for services and federal demonstration grants. Perhaps the most realistic expectation at this point is for a group of interested facilities to seek support for program demonstration from federal or state agencies.

Summary

The focus of vocational rehabilitation has historically involved preparing employees to work at jobs that have been created by entrepreneurs in the private sector. In rural and other economically disadvantaged areas such employment opportunities may be limited.

One alternative for community rehabilitation facilities involves an expansion of their role to include involvement in local community economic development; both creating businesses that may later hire their clients, and directly helping their clients to create businesses that contribute to the local economic base. This direction is speculative in nature, but much of the infrastructure for such a step already exists, and we are trying to develop some demonstrations of this approach.

Acknowledgement

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Creative Options for Rural Employment: A Beginning

Ann Temkin, M.A., ACSW
Career Planning and Placement
Shepherd Spinal Center
Atlanta, Georgia

Persons with disabilities who live in rural areas face special employment challenges. Limited resources, isolation, increased poverty, decreased educational advantages, and a greater preponderance of manual labor jobs compound disability related issues. It is estimated that 24% of persons with disabilities live in smaller or rural communities where the lack of both local services and jobs constitutes a grave problem (Jackson, 1992).

About two years ago, staff of the Shepherd Spinal Center's Career Planning and Placement (CP&P) became aware of the need for new services to meet the needs of rural consumers. The programs that were successful for urban persons with spinal cord injury simply did not meet the needs of those living in rural Georgia. Consumers who didn't want to move to a city were asking for a different approach. We agreed with Nell Carney, past Commissioner of Rehabilitation Services Administration, who wrote:

> "For more than seven decades, we have practiced urban vocational rehabilitation in America, forcing the person in need of services to come to us, to be willing to relocate, to give up the rural lifestyle. In this decade of empowerment and equality for Americans with disabilities, forcing the urban model is no longer an option. We must be willing to make the necessary adjustments to our programs required to meet the rehabilitation needs of those who choose to live in rural areas." (Carney, 1992, p.1).

Project Incubator, a program of paid internships and one of CP&P's most successful innovations, provided a beginning point for assisting rural consumers. Project Incubator targets persons with the skills to perform a job but who lack the work experience needed to be hired. Consumers develop an "internship plan" (similar to a business plan) with assistance from staff and other project participants. The consumer is then placed in an internship in his or her chosen field and

work place and paid a stipend. Virtually everyone who successfully completes an internship is employed after a short period of time. Networking is a key component of locating suitable internships and employment possibilities. However, the internship concept was not working for rural consumers because of the few potential work sites and the other rural issues referenced above. Both CP&P staff and rural consumers were discouraged and looked for solutions.

One solution, Creative Options for Rural Employment (CORE) was born from CP&P's search for a new approach in rural areas. Staff were aware that many of CP&P's rural consumers were successfully operating their own small businesses. The main components of Project Incubator--the consumer's business plan, the stipend, and networking--became the basis of the CORE program for developing small entrepreneurial ventures. CORE assists rural consumers with a marketable idea who have the skills and motivation needed to implement it.

Although CORE is still in its infancy, and the stipend is small (about $1,500), it has been CP&P's experience that opening a door, even a small one, can make a great difference in a person's life. The following is the story of Rose (her name has been changed), who was one of the first people to participate in the CORE program. It is actually only the beginning of her story because the middle and end are not yet known.

Rose is a 47 year old woman with paraplegia who lives in a small rural community in northeast Georgia. Rose is married with four grown children. Prior to her injury in 1987, Rose had worked for more than 15 years in clerical and data processing positions. She was employed by the Social Security Administration and she and her husband had just bought a house when she was injured in an automobile accident. Since her injury she has remained active in her church, taken courses to enhance her computer literacy, and maintained her garden and her home.

As early as 1988 Rose dreamed of starting a small computer services business. She contacted several agencies, including the Division of Rehabilitation Services (DRS) and the Small Business Administration in an attempt to obtain necessary equipment and start-up costs. A nonprofit agency was willing to sell her equipment at half price, but no funds were available. She did manage, however, to write a play, an entrepreneurial manual for persons with disabilities, and one family newsletter. But Rose needed computer equipment and start-up capital to develop paying customers.

In August 1993, following the first CORE meeting, Rose wrote a business plan and submitted it to CP&P. In the plan she proposed producing newsletters, brochures, programs, and other documents for civic groups, families, and churches. Describing the needs of her particular southern rural community, she stated:

> "This service is unique in that it is the only one of its kind in a 40-mile radius. It will assist churches; special occasion affairs; anniversaries, weddings, etc...in commemoration with lasting keepsakes of the event.
>
> "Documentation of historical events is much appreciated in this rural community as well as the promotion and preservation of family history and unity through newsletters."

Representatives of the local newspaper, the Adult Learning Center, and the president of a local business endorsed the marketability of Rose's idea and spoke highly of her integrity, maturity, and strength. As a result of Rose's plan CP&P agreed to provide the equivalent of a stipend to cover some start-up costs (e.g., business license, business cards, some advertising, and a toll-free phone number). This stipend ($400/month) would be supplied for three months at which time the need for additional funding and its availability would be explored. Rose would be responsible for budgeting and recordkeeping.

Equipment continued to pose a problem. It was widely thought that the Georgia DRS would not pay for equipment for home business start up--that they just paid for equipment and modifications for established home businesses. Although Rose was willing to try to use another businesses' computer, copier, and fax machine for a fee or through a bartering arrangement, it was thought that DRS funding should be pursued. As a result of pursuing DRS funding, Rose's DRS counselor was committed to DRS purchase of the equipment. A month later he had obtained permission to do so. Thanks to this counselor's willingness to pursue what would normally not be agency practice, to the fact that Rose's plan was viable and endorsed by CP&P, and to the willingness of the DRS administration to try something different, a new precedent was set. Rose received a computer, printer, and FAX machine.

Through networking, the resources of other agencies were made available to Rose. For example Bell South Work at Home Connection put Rose on their mailing list for home business entrepreneurs, the Georgia State Small Business Assistance Development Center provides Rose access to their resource library and offered to contact their counterparts in a town closer to Rose's home, and Rose was made aware of information and technical assistance available from the Women's Entrepreneurial Center and the Department of Commerce, Minority Business Development Center.

Rose now operates a licensed business with a contemporary-sounding name and a marketing package. Only a few months have passed since Rose's equipment was delivered. Although these have been summer months filled with family activities, Rose has moved forward and obtained paying customers. Work she has produced since getting her long-awaited computer includes:

- A wedding commemoration book
- A quarterly family newsletter
- An updated "how to" entrepreneurial booklet for persons with disabilities
- A marketing package for a person in the entertainment business
- A church history
- A church anniversary package
- Various printed pieces for a number of special events

Rose's business is just beginning. CORE is in its infancy. But creative ventures have to start somewhere. It is hoped that Rose will experience much success and serve as a mentor for future CORE participants.

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The Wisconsin Business Development Program: A Partnership Between the Division of Vocational Rehabilitation and the Department of Development

Dale Verstegen, M.B.A.
Wisconsin Department of Development
Division of Economic Development
Milwaukee, Wisconsin

Nancy L. Arnold, Ph.D.
Research and Training Center on Rural Rehabilitation Services
Rural Institute on Disabilities
The University of Montana
Missoula, Montana

In 1991, the Wisconsin Department of Vocational Rehabilitation (Wisconsin DVR) surveyed all identifiable self-employment outcomes for a four-year period. The analysis indicated that

- There were few self-employment outcomes.
- Available technical assistance such as small business development centers were not widely used.
- Assistance with developing a small business was provided by counselors with little experience in that area.
- In most cases small business loans were not obtained.

To increase the number of self-employment outcomes, insure greater success for people starting businesses, and address deficiencies uncovered by the survey, Wisconsin DVR formed a partnership with the Wisconsin Department of Development (Wisconsin DOD) called the Business Development Initiative (BDI). This partnership combines the business expertise of the Wisconsin DOD with the resources and experiences of the Wisconsin DVR in working with people with disabilities. The purpose of this partnership is to improve the business

development services provided by Wisconsin DVR. Goals of the partnership are to provide Wisconsin DVR consumers with

- Greater access to, and use of, small business loans.
- Technical assistance with developing small business plans. This technical assistance is provided by experts rather than by Wisconsin DVR counselors who have little or no expertise with developing small businesses.

To inform counselors and staff about the program and how it operates, Business Development Program training seminars are conducted in all district offices. During this training, materials developed by the Wisconsin DOD (specifically for this project) to facilitate the self-employment process are distributed to counselors and district offices. These materials include a *Business Development Program Handbook*, a BDI videotape for potential entrepreneurs, and application and evaluation forms.

The program operates as follows. A Wisconsin DVR client completes a Business Development Request form which is reviewed by a Wisconsin DVR counselor. If the proposed business shows promise, the consumer and/or counselor meet with the Wisconsin DOD Business Development Program consultant for evaluation. If this evaluation is positive, the next step is to determine the extent of Wisconsin DOD's involvement. When this is determined a venture development grant is awarded by Wisconsin DOD to the consumer. The venture development grant allows the VR consumer to hire outside consultants to assist with developing a business plan. This business plan includes a marketing plan, a sales forecast, an operational plan, and financial projections. Additionally, the Wisconsin DOD business consultant works with the Wisconsin DVR consumer, counselor and other possible funding sources to develop a financial package for business start-up and expansion, and provides follow-along technical assistance as needed to ensure the ongoing viability of the business.

This program has been so successful that the initial partnership covering the FY 93/94 has been renewed and is expected to continue on an ongoing basis. Funding for the FY 94/95 year was $232,059 from Wisconsin DVR Title I-B (basic rehabilitation) funds and $62,800 from Wisconsin DOD. The partnership employs a business development program supervisor, business development program consultant, and one program assistant.

To date, a total of 31 potential entrepreneurs have been served by the program. Eleven business plans and financial packages have been completed. A total of $526,777 was used to form the new businesses: $80,577 from Wisconsin DVR, $140,200 from consumers, and $306,000 in loans from local banks and economic development agencies. This has resulted 11 full- and 7 part-time jobs.

Resources

People and agencies providing self-employment opportunities for people with disabilities

Randy Brown, District Administrator
Office of Vocational Rehabilitation
100 Margaret Street
New Castle, PA 16101
412-656-3070 800-442-6379

In Pennsylvania, Vocational Rehabilitation District Administrator Randy Brown has developed and piloted economic development and self-employment programs. One of Brown's programs uses VR funds to provide grants to purchase business equipment for firms that hire VR consumers. He has developed a business incubator for business owners with disabilities and for business owners who hire workers with disabilities. He also is developing a microloan program to help VR consumers start businesses.

Urban Miyares, President
Disabled Businesspersons Association
9625 Black Mountain Road, Suite 207
San Diego, CA 92126-4564
619-586-1199

The Disabled Businesspersons Association maintains a database containing information on 10,000 entrepreneurs with disabilities. The organization, headed by Urban Miyares, disseminates information and answers the many questions posed by entrepreneurs with disabilities on topics such as industry trends, financing, market demographics, and business opportunities. DBA also recommends suitable business equipment and helps with business-related paperwork including planning instruments, reports, proposals, and presentations. It maintains a list of qualified consultants and business service providers, and, finally, it publishes a quarterly newsletter, the "DBA Advisor," and sponsors and presents educational events.

Dennis Rizzo, Acting Director
New Jersey Disability Loan Fund, Inc.
C/O PPS
P. O. Box 621
Bordentown, NJ 08505-0621
609-291-8729

Dennis Rizzo is the acting director of the New Jersey Disability and Non-Profit Micro Loan Fund, Inc. The fund was established in 1992 to use economic development strategies to create jobs for people with a disability. The loan fund, which operates as a private 501(c)(3) corporation, now has assets in excess of $500,000. It provides small to medium size loans, loan guarantees, lines of credit, and loan packaging.

Kay Schriner, Ph.D.
Department of Rehabilitation Education and Research
University of Arkansas
346 N. West Avenue
Fayetteville, AR 72701
501-575-6417

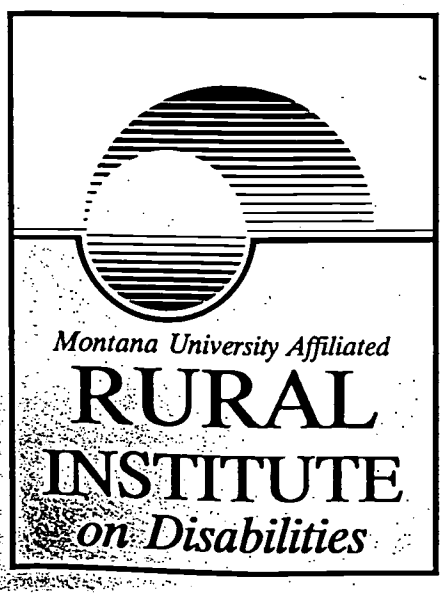
Dr. Schriner is interested in economic development and self-employment. She is developing a microloan model for a local independent living center that is an adaptation of a successful microloan program developed for low-income people in rural Arkansas. She also has analyzed Arkansas Rehabilitative Services self-employment data.

Dale Verstegen, Business Development Consultant
State of Wisconsin
Department of Development
838 W. National Avenue
Milwaukee, WI 53204
414-382-1752

In Wisconsin, a partnership was developed between the Wisconsin Department of Vocational Rehabilitation (DVR) and the Wisconsin Department of Development (DOD). Working for the DOD, Dale Verstegen, assists DVR consumers with developing business plans and with securing business loans for business start-up.

In your state, you may want to contact these agencies and organizations.

- Rural Development Councils
- Cooperative Extension Service
- State Business Development Centers
- Small Business Administration
- Small Business Development Centers
- State Department of Commerce
- State Private Capital Network
- Local Economic Development Corporations
- Regional Economic Development Corporations
- Micro-business Finance Programs
- Women's Economic Development Agencies
- University Business Development Centers
- State Economic Development Clearinghouse
- State Vocational Rehabilitation Programs
- Independent Living Centers



For additional copies of this book, a list of our other publications, or information about our programs and services, please write us.

Research and Training Center on Rural Rehabilitation Services
52 Corbin

The University of
Montana
Missoula, MT 59812

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement (OERI)
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